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# Remarks by the Honourable Paul Cosgrove

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Paul Cosgrove

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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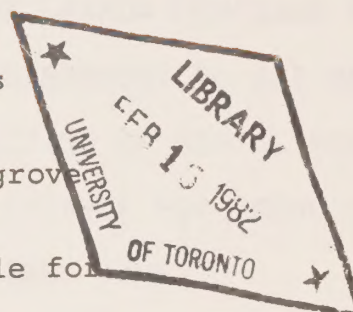
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Speaking Notes  
for Hon. Paul Cosgrove  
Minister responsible for



Canada Mortgage and Housing Corporation

House of Commons

8 February, 1982

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





MADAM SPEAKER:

THE BILL NOW BEFORE THE HOUSE FOR SECOND READING IS A RESPONSE TO THE SERIOUS DIFFICULTIES WHICH MANY CANADIANS ARE NOW FACING IN FINDING AND MAINTAINING GOOD HOUSING AT AN AFFORDABLE COST.

THE BILL RESPONDS TO THESE PROBLEMS IN TWO WAYS. IN THE FIRST INSTANCE, IT PROVIDES THE NECESSARY LEGISLATIVE AUTHORITY TO PUT INTO EFFECT THE CANADA MORTGAGE RENEWAL PLAN. SECOND, IT ENABLES THE GOVERNMENT TO ACT MORE EFFECTIVELY IN STIMULATING THE PRODUCTION OF RENTAL HOUSING AND MAKES POSSIBLE NEW KINDS OF ASSISTANCE FOR YOUNG FAMILIES WHO ARE BUYING HOUSES FOR THE FIRST TIME.

I WOULD LIKE TO EMPHASIZE, MADAM SPEAKER, THE URGENCY IN DEALING WITH THE AMENDMENTS HAVING TO DO WITH THE CANADA MORTGAGE RENEWAL PLAN.

I KNOW THAT HONORABLE MEMBERS ON ALL SIDES OF THE HOUSE HAVE BEEN RECEIVING LETTERS AND TELEPHONE CALLS FROM PEOPLE WHO ARE HAVING TROUBLE RENEWING THEIR MORTGAGES AT HIGHER RATES OF INTEREST AND ARE ACTUALLY IN DANGER OF LOSING THEIR HOMES. THEY ARE ASKING HOW THEY CAN GET HELP UNDER THE CANADA MORTGAGE RENEWAL PLAN WHICH WAS FIRST ANNOUNCED ON

BUDGET NIGHT, ON NOVEMBER 12. THE PLAN PROVIDES INTEREST-DEFERRAL GUARANTEES FOR HOUSEHOLDS WHO HAVE SOME EQUITY IN THEIR HOMES AND WHO ARE OBLIGED TO RENEW THEIR MORTGAGES AT A RATE OF INTEREST WHICH WOULD REQUIRE THEM TO PAY OUT AN EXCESSIVE PROPORTION OF THEIR INCOME. FOR HOUSEHOLDS WHO HAVE THE SAME PROBLEM, BUT WHO HAVE NO SUBSTANTIAL EQUITY TO USE AS COLLATERAL IN DEFERRING INTEREST PAYMENTS, THE GOVERNMENT WILL ASSIST THEM BY PROVIDING GRANTS OF UP TO \$3,000.

PEOPLE WHO CALL ABOUT THE PLAN ARE DIRECTED TO SEE THEIR MORTGAGE LENDERS, WHO HAVE APPLICATION FORMS AND CAN HELP FILL THEM OUT AND FORWARD THEM TO CMHC. MANY PEOPLE HAVE ALREADY DONE THAT, MADAM SPEAKER, AND APPLICATIONS HAVE BEEN RECEIVED IN CMHC OFFICES. THEY CAN NOT BE ACTED UPON, HOWEVER, UNTIL PARLIAMENT GIVES ITS APPROVAL.

I WOULD SINCERELY HOPE THAT APPROVAL WILL NOT BE DELAYED BY UNNECESSARILY PROLONGED DEBATE OR OTHER TIME-WASTING TACTICS THAT HAVE UNFORTUNATELY BEEN TOO MUCH IN EVIDENCE IN RECENT DAYS.

THE PLAN WAS VERY THOROUGHLY DISCUSSED BY MANY MEMBERS ON BOTH SIDES OF THE HOUSE DURING THE BUDGET DEBATE AND HAS BEEN THE SUBJECT OF A GOOD DEAL OF PUBLIC COMMENT IN THE NEWS MEDIA.



MY VIEWS OF THE PLAN ARE, I THINK, WELL-KNOWN. I BELIEVE, GIVEN ALL THE CIRCUMSTANCES, IT IS THE ONLY SENSIBLE AND SENSITIVE ACTION THE GOVERNMENT COULD HAVE TAKEN TO HELP PEOPLE WHO ARE IN SERIOUS DANGER OF LOSING THEIR HOMES BECAUSE OF HIGH INTEREST RATES.

I WOULD SUGGEST TO HONOURABLE MEMBERS OPPOSITE, MADAM SPEAKER, THAT MANY CANADIAN HOUSEHOLDS WHO NOW HAVE HAD A CHANCE TO STUDY THE PLAN, BELIEVE IT WILL BE HELPFUL IN RESOLVING THEIR PROBLEMS. MEETINGS HAVE BEEN HELD WITH REPRESENTATIVES OF THE MORTGAGE-LENDING INSTITUTIONS AND THEY ARE PREPARED TO DO THEIR PART IN PUTTING THE PLAN INTO EFFECT.

I URGE ALL HONOURABLE MEMBERS, IN VIEW OF THE PRESSING NECESSITY, TO DEAL WITH IT AS EXPEDITIOUSLY AS POSSIBLE.

AT THE SAME TIME THAT THE MORTGAGE RENEWAL PLAN WAS ANNOUNCED, MADAM SPEAKER, THE GOVERNMENT ALSO DECLARED ITS INTENTION TO TAKE SOME ACTION ON BEHALF OF PEOPLE WHO RENT THEIR HOMES. THE MINISTER OF FINANCE INCLUDED \$350 MILLION IN HIS BUDGET FOR HOUSING OVER THE NEXT TWO YEARS IN PART TO FINANCE THE CANADA RENTAL SUPPLY PLAN, A RENTAL CONSTRUCTION STIMULUS PROGRAM WHICH WOULD MAKE AVAILABLE INTEREST-FREE LOANS OF UP TO \$7,500 PER UNIT TO STIMULATE THE CONSTRUCTION OF 15,000 UNITS OF AFFORDABLE RENTAL ACCOMMODATION IN PARTS OF THE COUNTRY WHERE IT IS SCARCE. THESE LOANS, OF COURSE, WOULD BE IN ADDITION TO ASSISTANCE PROVIDED UNDER THE REGULAR NON-PROFIT AND CO-OPERATIVE HOUSING PROGRAMS.

AT THAT TIME I ANNOUNCED MY INTENTION TO TRAVEL ACROSS THE COUNTRY TO MEET WITH PROVINCIAL HOUSING MINISTERS AND TO DISCUSS HOW THE NEW PROGRAM WOULD BE APPLIED. I HAVE NOW MET WILL ALL OF MY PROVINCIAL COUNTERPARTS AND I AM GENERALLY PLEASED WITH THE RESPONSE WHICH I HAVE RECEIVED.

IN MY CONVERSATIONS WITH THEM I HAVE EMPHASIZED THAT HOUSING, IN CANADA, IS A SHARED RESPONSIBILITY AND THAT THE PROVINCES, AS WELL AS THE NATIONAL GOVERNMENT, HAVE A ROLE TO PLAY IN PROVIDING ACCESS TO HOUSING AND PARTICULARLY IN RESPONDING TO LOCAL NEEDS AND LOCAL PRIORITIES.

I AM HAPPY TO SAY THAT, IN SOME CASES, THE PROVINCIAL GOVERNMENTS ARE RESPONDING TO THE FEDERAL INITIATIVE AND ARE DEVELOPING PROGRAMS WHICH WOULD BE COMPATIBLE WITH THE CANADA RENTAL SUPPLY PLAN.

THE FEDERAL GOVERNMENT'S INITIATIVE, COMBINED WITH ON-GOING SOCIAL HOUSING PROGRAMS, HAS BEEN WELCOMED, AS A CONTRIBUTION TO THE ALLEVIATION OF A SERIOUS PROBLEM. I HAVE GIVEN THEM THE ASSURANCE THAT THE AVAILABLE RESOURCES MAY BE REALLOCATED DURING THE YEAR IF IT IS FOUND THAT ONE REGION IS NOT TAKING UP ALL OF THE ASSISTANCE THAT WAS DESIGNATED FOR ITS USE AND THERE IS AN URGENT NEED ELSEWHERE.

THE FACT IS THAT, WITHOUT GOVERNMENT SUPPORT, THE CONSTRUCTION OF RENTAL ACCOMMODATION IN THIS COUNTRY IS JUST NOT A VIABLE BUSINESS. IN MANY CASES, THE RENTS THAT CAN BE CHARGED DO NOT ALLOW EVEN A MARGINAL PROFIT. SOONER OR LATER, THE MARKET WILL HAVE TO BE ALLOWED TO ADJUST AND TO FIND ITS NORMAL BALANCE.



OUR POLICY, WITH REGARD TO RENTAL ACCOMMODATION, HAS BEEN TO HELP ACHIEVE A SMOOTH TRANSITION TO A MORE NORMAL STATE OF AFFAIRS AND TO SEE THAT NO ONE SUFFERS UNDULY IN THE PROCESS. WE ARE DOING THAT BY HELPING TO STIMULATE INCREASED PRODUCTION OF GOOD, AFFORDABLE RENTAL UNITS AND, AT THE SAME TIME PROVIDING ASSISTANCE TO LOW-INCOME PEOPLE INCLUDING NATIVE PEOPLE, THE ELDERLY, THE HANDICAPPED AND OTHERS WHO ARE NOT ABLE TO MEET THEIR NEEDS IN THE MARKET.

THE FACT THAT THE MINISTER OF FINANCE AGREED TO MAKE THE MURB TAX PROVISIONS AVAILABLE UNTIL THE END OF 1981, GAVE RENTAL PRODUCTION A REAL SPURT IN THE LAST TWO MONTHS OF THE YEAR AND I EXPECT THAT MOMENTUM WILL CARRY INTO THE SPRING. BY THAT TIME, THE CANADA RENTAL SUPPLY PLAN WILL BE TAKING EFFECT AND WILL PROVIDE THE STEAM NEEDED TO KEEP PRODUCTION GOING.

I WOULD LIKE TO ADD, MADAM SPEAKER, THAT THESE 15,000 NEW UNITS WOULD MEAN, NOT ONLY AFFORDABLE HOMES FOR 15,000 MORE FAMILIES, BUT AN ESTIMATED 35,000 ADDITIONAL JOBS FOR PEOPLE INVOLVED IN THE CONSTRUCTION INDUSTRY AND ASSOCIATED BUSINESS.

THE LEGISLATION WE ARE TALKING ABOUT TODAY WILL GIVE AN ADDITIONAL STIMULUS TO RENTAL PRODUCTION, OVER AND ABOVE THESE 15,000 UNITS. BY GIVING CMHC THE FLEXIBILITY TO

ADJUST ITS MORTGAGE INSURANCE PREMIUMS THE CORPORATION WILL THEN BE IN A POSITION TO RAISE ITS LOAN-TO-VALUE RATIO TO A MUCH MORE ATTRACTIVE LEVEL WITHOUT JEOPARDIZING THE MORTGAGE INSURANCE FUND.

IN OTHER WORDS, THE CORPORATION WILL BE IN A POSITION TO ENSURE MORTGAGES THAT REPRESENT A SUBSTANTIALLY HIGHER PROPORTION OF THE TOTAL COST OF THE PROJECT, PERMITTING THE ENTREPRENEUR TO LAUNCH THE PROJECT WITHOUT HAVING TO PUT UP A PROHIBITIVE AMOUNT OF HIS OWN MONEY.

THE AMENDMENTS WILL ALSO PERMIT CMHC TO BE MORE HELPFUL TO HOME-OWNERS, PARTICULARLY YOUNG FAMILIES BUYING THEIR FIRST HOUSE.

THE PROBLEM IS RELATED, OF COURSE, TO HIGH MORTGAGE INTEREST RATES AND HIGH MORTGAGE INTEREST RATES ARE PART OF OUR BATTLE TO REDUCE INFLATION AND RESTORE HEALTHY ECONOMIC GROWTH.

BUT THE PROBLEM IS ALSO IN THE MORTGAGES THEMSELVES. THE CONVENTIONAL MORTGAGE WHICH SERVED US VERY WELL OVER THE LAST 30-ODD YEARS JUST DOESN'T WORK IN A TIME OF HIGH AND VOLATILE INTEREST RATES. LENDERS ARE REDUCING THE TERM TO A YEAR OR EVEN SIX MONTHS TO AVOID GETTING LOCKED IN TO WHAT MAY TURN OUT TO BE AN UNPROFITABLE RATE OF INTEREST.



UNFORTUNATELY, THIS UNCERTAINTY ABOUT TRENDS IN INTEREST RATES FALLS MOST HEAVILY ON HOMEOWNERS -- AND ENTREPRENEURS WHO WANT TO BORROW MONEY TO BUILD RENTAL ACCOMMODATION. THEY HAVE NO ASSURANCE FROM YEAR TO YEAR, OR EVEN MONTH TO MONTH, THAT THEY ARE GOING TO BE ABLE TO AFFORD THEIR MONTHLY PAYMENTS.

WHAT WE NEED ARE NEW KINDS OF MORTGAGE INSTRUMENTS, ARRANGEMENTS WHICH WILL DO AWAY WITH SOME OF THIS UNCERTAINTY. THERE ARE A NUMBER OF THEM AROUND -- VARIABLE-RATE MORTGAGES, EQUITY-PARTICIPATION MORTGAGES, SHARED-APPRECIATION MORTGAGES.

SOME OF THEM MAY VERY WELL HELP SOLVE THE PROBLEMS OF YOUNG FIRST-TIME BUYERS. WE WOULD LIKE THESE FAMILIES TO HAVE THE OPPORTUNITY TO USE THEM, IF THEY CHOOSE.

THE GOVERNMENT WOULD LIKE TO HELP FACILITATE THE INTRODUCTION OF THESE ALTERNATIVES AND THE LEGISLATION NOW BEFORE THE HOUSE, WHICH WILL GIVE CMHC MORE FLEXIBILITY IN PREMIUM SETTING, WILL ALLOW US TO DO THAT.

CMHC HAS ALWAYS HAD AN IMPORTANT ROLE, AS THE AGENT OF THE GOVERNMENT, IN DEVELOPING AND IMPLEMENTING SOCIAL POLICY IN THE FIELD OF HOUSING. AT THE SAME TIME, AS A BUSINESS CORPORATION, IT ADMINISTERS, ON THE GOVERNMENT'S BEHALF, THE MORTGAGE INSURANCE FUND, AS A WAY OF ENSURING THAT THERE IS ALWAYS AN ADEQUATE SUPPLY OF MORTGAGE MONEY FOR PEOPLE WHO NEED IT.

WHEN THE MIF WAS SET UP, IN 1954, IT WAS INTENDED TO BE SELF-FINANCING. PREMIUMS WERE SET AT A LEVEL WHICH WOULD BE ENOUGH TO OFFSET ANY CLAIMS THAT COULD BE REASONABLY EXPECTED. AND, IN FACT, UNTIL THE 1970'S, IT WORKED PRETTY MUCH THAT WAY.

IN RECENT YEARS, HOWEVER, CLAIMS AGAINST THE FUND SHARPLY INCREASED -- MAINLY BECAUSE OF THE HIGH PROPORTION OF DEFAULTS UNDER THE ASSISTED HOME OWNERSHIP AND ASSISTED RENTAL PROGRAMS -- AHOP AND ARP.

THIS UNPRECEDENTED RISE IN CLAIMS CREATED A LIQUIDITY PROBLEM FOR THE FUND AND A SUBSTANTIAL SUM HAD TO BE BORROWED FROM THE GOVERNMENT TO RESTORE THE FUND'S CASH FLOW.

IN ADDITION TO THE LIQUIDITY PROBLEM, HOWEVER, THERE WAS A QUESTION ABOUT THE FUND'S SOLVENCY. THE PROBLEM LIES ESSENTIALLY WITH THE FACT THAT THE PREMIUM WHICH THE CORPORATION MAY CHARGE FOR MORTGAGE INSURANCE IS SET OUT IN THE NATIONAL HOUSING ACT AND CAN NOT BE ADJUSTED EXCEPT BY AN ACT OF PARLIAMENT. PREMIUMS FOR INSURING MORTGAGES UNDER THE AHOP AND ARP PROGRAMS WERE LIMITED BY THE STATUTE TO ONE PER CENT. ACTUARIES ESTIMATE THAT, IN ORDER TO PREVENT A SERIOUS DRAIN ON THE FUND, THE PREMIUM FOR THESE MORTGAGES WOULD HAVE HAD TO BE SET AT MORE THAN EIGHT PER CENT FOR ARP AND AT MORE THAN FOUR PER CENT FOR AHOP.



THE SOLUTION TO THIS SITUATION IS IN THE BILL NOW BEFORE US. IT WOULD ALLOW CMHC TO ADJUST MORTGAGE INSURANCE PREMIUMS AND TO SET THEM AT A LEVEL THAT WOULD BE APPROPRIATE FOR THE RISK INVOLVED AND SUFFICIENT TO COVER THE COST AND EXPENSES OF DOING BUSINESS. IN SHORT, CMHC WOULD HAVE THE SAME FLEXIBILITY WITH REGARD TO PREMIUMS AS A PRIVATE INSURER.

THIS ARRANGEMENT WOULD ALLOW CMHC TO INSURE NEW, INNOVATIVE MORTGAGE INSTRUMENTS WHICH IT COULD NOT COVER UNDER THE FIXED-PREMIUM SYSTEM. IT WILL ALSO PERMIT THE CORPORATION TO SET PREMIUMS AT A LEVEL WHICH WILL ALLOW IT TO INSURE MORTGAGES FOR RENTAL PROPERTIES AT A LOAN-TO-VALUE RATIO THAT WILL BE MORE ATTRACTIVE TO ENTREPRENEURS.

ANOTHER DIFFICULTY WITH THE FUND HAS TO DO WITH THE COSTS OF RUNNING THE BUSINESS -- UNDERWRITING COSTS, THE COST OF GENERATING NEW BUSINESS, INSPECTIONS AND APPRAISALS, AND SO ON. THE APPLICATION FEE CHARGED HAS NEVER BEEN ADEQUATE TO COVER THESE COSTS AND THE SHORTFALL HAS BEEN COVERED BY CMHC OUT OF OTHER REVENUES.

THE BILL WOULD CORRECT THIS SITUATION BY PERMITTING THE CORPORATION TO CHARGE APPLICATION FEES APPROPRIATE TO THE COSTS AND BY PROVIDING THAT THE FUND BE OPERATED ON A SELF-SUSTAINING BASIS.

ANOTHER RESTRICTION ON THE CORPORATION HAS TO DO WITH THE RESERVE FUND. AT THE OUTSET IT WAS SPECIFIED THAT THE RESERVE FUND SHOULD NEVER EXCEED FIVE MILLION DOLLARS. THAT LIMIT WAS REACHED, OF COURSE, VERY EARLY IN CMHC'S HISTORY. SINCE THEN IT HAS NOT BEEN ALLOWED TO ENGAGE IN THE CUSTOMARY BUSINESS PRACTICE OF SETTING ASIDE SURPLUSES IN GOOD YEARS TO PROVIDE FOR FUTURE DEFICIENCIES.

THE BILL WOULD RECTIFY THAT SITUATION BY PROVIDING THAT THE LIMIT ON THE RESERVE FUND WOULD BE ESTABLISHED BY ORDER-IN-COUNCIL RATHER THAN BY LEGISLATION.

THE FUND'S DIFFICULTIES HAVE BEEN COMPOUNDED BY THE CONSTRAINTS SET OUT IN THE NHA REGARDING THE SETTLEMENT OF CLAIMS. THE LAW REQUIRES THAT CLAIMS MUST BE SETTLED AFTER THE PROPERTY IS TRANSFERRED TO THE FUND. THIS MEANS THAT CMHC CAN NOT NEGOTIATE SOME OTHER SETTLEMENT THAT DOES NOT INVOLVE ITS ACQUIRING THE PROPERTY -- FOR INSTANCE BY THE LENDER EXERCISING THE POWER OF SALE.

THE BILL WILL INTRODUCE MORE FLEXIBILITY INTO CLAIMS-SETTLEMENT PROCEDURES.

THESE CHANGES WILL MEAN THAT MORE FORECLOSURES AND DEFAULTS WILL BE AVOIDED. IT WILL ALSO MEAN THAT THE FUND WILL NOT ALWAYS BE OBLIGED TO ACQUIRE PROPERTY -- DEPLETING ITS LIQUID ASSETS AND INCURRING UNNECESSARY COSTS.



THESE ARE SOME OF THE WAYS IN WHICH CMHC WOULD BECOME MORE FLEXIBLE IN RESPONDING TO CHANGING CONDITIONS, MORE BUSINESS-LIKE IN ITS OPERATIONS AND, I BELIEVE, MORE EFFECTIVE IN HELPING TO IMPROVE THE HOUSING SITUATION IN CANADA.

I WOULD NOT SUGGEST, MADAM SPEAKER, THAT THE BILL NOW BEFORE US WILL SOLVE ALL OF OUR HOUSING PROBLEMS. AS A MATTER OF FACT I PROPOSE TO BRING BEFORE THE HOUSE VERY SHORTLY ANOTHER BILL WHICH WILL MAKE SIGNIFICANT IMPROVEMENTS IN THE PROGRAM WHICH SERVES THE HOUSING NEEDS OF NATIVE CANADIANS AND LOW-INCOME PEOPLE IN RURAL AREAS.

ALL OF THE GOVERNMENT'S SOCIAL HOUSING PROGRAMS HAVE RECENTLY BEEN THE SUBJECT OF A VERY THOROUGH EVALUATION AND I BELIEVE THERE WILL BE OTHER IMPORTANT CHANGES. THE IDEA OF SHELTER ALLOWANCES, AS AN EQUITABLE AND EFFICIENT WAY OF GIVING PEOPLE ACCESS TO GOOD HOUSING, IS ONE IN WHICH I HAVE A CONTINUING PERSONAL INTEREST. ALL OF THESE INITIATIVES ARE GOING FORWARD.

IN THE MEANTIME, THE LEGISLATION BEFORE US TODAY WILL CREATE THE OPPORTUNITY TO TAKE SOME URGENTLY NEEDED ACTION AFFECTING THE SUPPLY OF RENTAL ACCOMMODATION THROUGHOUT CANADA AND THE ACCESSIBILITY OF HOME-OWNERSHIP, ESPECIALLY FOR YOUNG FAMILIES WHO ARE NOT WELL SERVED BY OUR CONVENTIONAL MORTGAGE ARRANGEMENTS.





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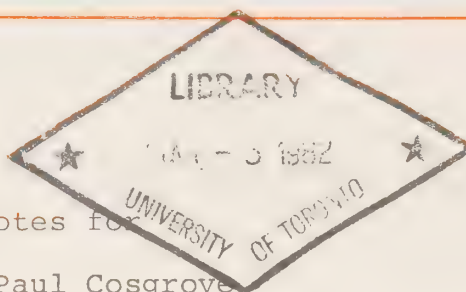
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Speaking Notes for  
the Honourable Paul Cosgrove  
Minister Responsible  
for Canada Mortgage and Housing Corporation  
to  
the National Conference  
of the Housing and Urban Development Association  
of Canada  
Winnipeg, Manitoba  
February 14, 1982

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





I APPRECIATE THE INVITATION TO SPEAK TO YOU TODAY. ITS ALWAYS A PLEASURE TO TALK TO HUDAC MEMBERS, AND PARTICULARLY TO MEET, EVEN BRIEFLY, WITH THE HUDAC BOARD OF DIRECTORS.

I SHOULD SAY AT THE OUTSET THAT THE GOVERNMENT SHARES THE POSITION, LONG ADVOCATED BY YOUR ORGANIZATION, THAT THE PRIVATE INDUSTRY IS THE MOST EFFECTIVE AND EFFICIENT PRODUCER OF HOUSING FOR CANADIANS.

AT THE SAME TIME, HUDAC, AS A MATTER OF POLICY, RECOGNIZES THAT SOME CANADIANS, BECAUSE OF THEIR ECONOMIC CIRCUMSTANCES, CANNOT AFFORD THE KIND OF HOUSING THEY NEED.

THERE IS NO QUESTION THAT HOUSING IS A GOVERNMENT PRIORITY. OR, THAT OUR PRIORITY CLIENTS ARE PEOPLE ACROSS CANADA WHO ARE NOT ABLE TO COMPETE IN THE OPEN MARKET FOR THE HOUSING THEY NEED. I AM THINKING HERE OF LOWER INCOME PEOPLE, INCLUDING NATIVE CANADIANS, THE ELDERLY AND THE HANDICAPPED AND SINGLE PARENTS TRYING TO RAISE FAMILIES AT OR BELOW THE POVERTY LINE.

ONE OF THE INSTRUMENTS WHICH HAS SERVED THE GOVERNMENT CONSISTENTLY IN HELPING TO MAINTAIN A VIGOROUS DEVELOPMENT INDUSTRY IN CANADA HAS BEEN THE CANADA MORTGAGE AND HOUSING CORPORATION. AS YOU KNOW, I NOW HAVE A BILL BEFORE PARLIAMENT WHICH I BELIEVE WILL GO A LONG WAY TOWARDS ENABLING CMHC TO BE MORE USEFUL TO YOU AND TO MANY CANADIANS WHO ARE EXPERIENCING DIFFICULTY IN FINDING SUITABLE ACCOMMODATION AT A COST THEY CAN AFFORD.

THE BILL, WHICH WAS RECENTLY GIVEN SECOND READING, WILL AMEND BOTH THE NATIONAL HOUSING ACT AND THE CMHC ACT.

PERHAPS THE MOST IMMEDIATE THING IT WILL DO IS TO GIVE CMHC THE AUTHORITY TO MAKE GUARANTEES AND GRANTS UNDER THE CANADA MORTGAGE RENEWAL PLAN. THE PLAN, WHICH WAS ANNOUNCED ON BUDGET NIGHT, OFFERS HELP TO PEOPLE WHO ARE RENEWING THEIR MORTGAGES AT HIGH RATES OF INTEREST AND WHO WILL BE OBLIGED TO PAY OUT AN INORDINATE PROPORTION OF THEIR



INCOMES IN MONTHLY PAYMENTS. THE PLAN WILL OFFER A GUARANTEE TO LENDERS WHO ARE PREPARED TO DEFER MORTGAGE INTEREST PAYMENTS AND WILL MAKE AN OUTRIGHT GRANT OF UP TO \$3,000 TO BORROWERS WHOSE EQUITY IN THEIR HOME IS NOT SUFFICIENT TO WARRANT AN INTEREST-DEFERRAL ARRANGEMENT.

THE CANADA MORTGAGE RENEWAL PLAN OF COURSE, ARISES OUT OF THE GOVERNMENT'S COMMITMENT TO HELP THOSE IN GREATEST NEED AND IT IS INTENDED TO GIVE A REPRIEVE TO THOSE HOUSEHOLDS WHO ARE IN IMMINENT DANGER OF LOSING THEIR HOMES. IN THE LIGHT OF THE NECESSARY RESTRAINTS ON GOVERNMENT SPENDING, IT IS A SENSIBLE AS WELL AS A SENSITIVE RESPONSE TO AN URGENT PROBLEM.

THE BILL, WHICH I EXPECT WILL BE ENACTED INTO LAW VERY SOON, HAS SOME OTHER EFFECTS WHICH ARE PERHAPS MORE DIRECTLY RELATED TO YOUR BUSINESS.

CMHC, AS YOU WILL RECALL, HAS BEEN IN THE MORTGAGE INSURANCE BUSINESS SINCE 1954. IT GOT INTO THE BUSINESS TO ENSURE THAT THERE WAS ALWAYS AN ADEQUATE SUPPLY OF MORTGAGE MONEY TO FACILITATE THE BUILDING AND BUYING OF HOMES.

THE MORTGAGE INSURANCE FUND, WHICH THE CORPORATION MANAGES ON THE GOVERNMENT'S BEHALF, WAS SET UP TO BE SELF-FINANCING. THE PREMIUMS WERE SPELLED OUT IN THE NATIONAL HOUSING ACT AND THEY WERE EXPECTED TO BE ENOUGH TO OFFSET ANY CLAIMS THAT COULD REASONABLY BE EXPECTED.

IN RECENT YEARS, HOWEVER, MAINLY BECAUSE OF THE HIGH PROPORTION OF DEFAULTS UNDER THE ASSISTED HOME OWNERSHIP AND ASSISTED RENTAL PROGRAMS, THE FUND HAS EXPERIENCED LIQUIDITY PROBLEMS AND QUESTIONS HAVE BEEN RAISED ABOUT ITS SOLVENCY.

THE DIFFICULTIES ARISE ESSENTIALLY FROM THE FACT THAT PREMIUMS CAN NOT BE ADJUSTED IN RESPONSE TO CHANGING ECONOMIC AND MARKET CONDITIONS WITHOUT AN ACT OF PARLIAMENT.

THE BILL NOW BEFORE THE HOUSE WOULD ENABLE CMHC TO OPERATE ITS MORTGAGE INSURANCE BUSINESS ON MORE BUSINESS-LIKE TERMS, WITH MORE OF THE FLEXIBILITY EXERCISED BY PRIVATE INSURERS.

THAT OPERATING STYLE WILL HAVE ADVANTAGES FOR PEOPLE WHO ARE SEEKING HOMES AND FOR THE INDUSTRY WHICH IS ATTEMPTING TO PROVIDE THEM.

ONE OF THE PROBLEMS WE ARE FACING TODAY IS THAT THE PREVALENT ROLL-OVER MORTGAGE JUST DOESN'T WORK IN TIMES OF HIGH AND VOLATILE INTEREST RATES. HOMEBUYERS, BUILDERS AND INVESTORS ARE ALL FACED WITH AN INTOLERABLE BURDEN OF UNCERTAINTY ABOUT THE CHANGING COST OF MONEY.

THE TIME HAS COME, OBVIOUSLY, WHEN WE MUST LOOK SERIOUSLY AT ALTERNATIVE MORTGAGE INSTRUMENTS. AS YOU WILL RECALL, THE NECESSITY FOR DEVELOPING NEW METHODS OF FINANCING RESIDENTIAL CONSTRUCTION WAS THE SUBJECT OF ONE OF THE RESOLUTIONS PASSED AT YOUR LAST ANNUAL MEETING. UNFORTUNATELY THE CONSTRAINTS

WRITTEN INTO THE NATIONAL HOUSING ACT EFFECTIVELY PREVENT CMHC FROM WIDENING THE CHOICE OF FINANCING ARRANGEMENTS AVAILABLE.

THE BILL NOW BEFORE PARLIAMENT, BY GIVING THE CORPORATION FLEXIBILITY IN THE MATTER OF PREMIUMS, WILL MAKE IT POSSIBLE FOR CMHC TO PLAY A MORE SUPPORTIVE ROLE IN THE INTRODUCTION OF NEW MORTGAGE ARRANGEMENTS WHICH MANY PEOPLE WOULD FIND MORE ACCEPTABLE.

THE BILL ALSO HAS A USEFUL PART TO PLAY IN IMPROVING THE SUPPLY OF RENTAL ACCOMMODATION. MANY OF YOU WILL, I KNOW, BE VERY FAMILIAR WITH THE SEQUENCE OF EVENTS WHICH HAS GIVEN RISE TO THE PRESENT SHORTGAGE OF RENTAL HOUSING IN MANY PARTS OF CANADA.

IN THE EARLY 1970's, WHILE THE COSTS OF LAND, LABOUR AND MATERIALS WERE RISING RAPIDLY, RENTS DID NOT INCREASE AT THE SAME RATE. IT BECAME LESS AND LESS PROFITABLE TO BUILD HOUSING FOR RENT.

IN THE MID-SEVENTIES, THE FEDERAL GOVERNMENT OFFERED TAX INCENTIVES AND SUBSIDIES TO INCREASE THE SUPPLY. AT THE SAME TIME, THE PROVINCES INTRODUCED RENT CONTROLS.

THESE INTERVENTIONS, ALTHOUGH THEY WERE MEANT TO BE HELPFUL, PREVENTED RENTS FROM RISING AS THEY MIGHT OTHERWISE HAVE DONE. SINCE THEN RISING COSTS AND HIGH MORTGAGE RATES



HAVE BROUGHT ABOUT A SITUATION IN CANADA IN WHICH RENTAL CONSTRUCTION, WITHOUT GOVERNMENT ASSISTANCE, IS JUST NOT A VIABLE BUSINESS PROPOSITION.

SOONER OR LATER, THE MARKET MUST RETURN TO SOME KIND OF BALANCE AND THE POLICY OF THE GOVERNMENT IS TO SEE THAT IT COMES ABOUT WITH A MINIMUM OF DISRUPTION TO EVERYONE INVOLVED.

WE HAVE BEEN ASSISTING THIS TRANSITION, FIRST, BY MEASURES TO STIMULATE PRODUCTION, AND AT THE SAME TIME, PROVIDING HELP THROUGH OUR SOCIAL HOUSING PROGRAMS TO PEOPLE WHO ARE LESS ABLE TO COPE FOR THEMSELVES.

YOU WILL REMEMBER, ON BUDGET NIGHT I ANNOUNCED THE CANADA RENTAL SUPPLY PLAN WHICH WILL PROVIDE INTEREST-FREE LOANS TO ASSIST IN THE CONSTRUCTION OF 15,000 UNITS OF AFFORDABLE RENTAL HOUSING IN THE COUNTRY'S TIGHTEST MARKETS.

SINCE THAT TIME, I HAVE BEEN ACROSS THE COUNTRY MEETING WITH PROVINCIAL HOUSING MINISTERS, DISCUSSING HOW THE PLAN WILL BE IMPLEMENTED AND MEASURES WHICH THE PROVINCIAL GOVERNMENTS COULD TAKE TO COMPLEMENT THIS FEDERAL INITIATIVE.

PARTLY AS A RESULT OF THESE CONVERSATIONS, UNITS WILL BE ALLOCATED TO VARIOUS PARTS OF THE COUNTRY, ACCORDING TO NEED, AND ENTREPRENEURS WILL BE INVITED TO SUBMIT PROPOSALS ON COMPETITIVE TERMS.

IF I CAN LEAVE ONE THOUGHT WITH YOU TODAY IT'S THIS:  
THE MAIN PURPOSE OF MY REMARKS AND THE MAJOR THRUST OF MY  
MESSAGE TO YOU IS TO ASK FOR YOUR ASSISTANCE IN GETTING SPEEDY  
PASSAGE OF THE HOUSING LEGISLATION BY PARLIAMENT.

SIMPLY PUT, I'M ASKING YOU AND THE CONSTRUCTION INDUSTRY  
TO ENCOURAGE MR. CLARK AND MR. BROADBENT TO GET OFF THEIR  
LEGISLATIVE DUFFS AND TO GIVE QUICK PASSAGE TO THE HOUSING AMEND-  
MENTS IN PARLIAMENT. THE CANADA RENTAL SUPPLY PLAN BY ITSELF HAS  
THE POTENTIAL FOR SEVENTY THOUSAND JOBS IN THE HARD-PRESSED  
CONSTRUCTION INDUSTRY - BEING DELAYED WHILE THE RIGHT HONOURABLE  
JOE CLARK PLAYS PARLIAMENTARY PARLOUR GAMES IN AN ATTEMPT TO  
PROTECT HIS OWN JOB. SIMILARLY IF THE LEADER OF THE N.D.P. IS  
GENUINE IN HIS CONCERN FOR THE UNEMPLOYED HE WILL PERMIT THE  
GOVERNMENT TO SUPPORT THE INDUSTRY WITH THE 350 MILLION COMMITMENT  
IN THE BUDGET EVEN THOUGH IT DOESN'T COME DIRECTLY FROM THE  
BANKS.

ST. VALENTINE WOULD NOT BE AMUSED TODAY BY THE HEARTLESS  
POLITICKING OF THE OPPOSITION PARTY AT THE EXPENSE OF THE  
UNEMPLOYED.

I URGE YOU AND YOUR INDUSTRY TO LET MR. CLARK AND  
MR. BROADBENT AND ALL MEMBERS OF PARLIAMENT KNOW THAT YOU WANT  
ACTION IN THE HOUSING LEGISLATION NOW.

BEFORE I LEAVE THE SUBJECT OF LEGISLATION, I WOULD

JUST LIKE TO MENTION ONE MORE SIGNIFICANT CHANGE WHICH THE BILL WILL BRING ABOUT IN CMHC'S OPERATING PROCEDURES. IT WILL INTRODUCE MORE FLEXIBILITY IN THE WAY IN WHICH THE CORPORATION WILL BE PERMITTED TO SETTLE INSURANCE CLAIMS AGAINST THE FUND. INSTEAD OF REQUIRING CMHC TO OBTAIN VACANT POSSESSION OF THE PROPERTY, IT WILL BE ALLOWED TO SETTLE CLAIMS IN OTHER LESS COSTLY AND DISRUPTIVE WAYS -- BY A NEGOTIATED SALE OR, IN SOME CIRCUMSTANCES, BY ASSUMING THE MORTGAGE ON BEHALF OF THE FUND.

I EXPECT THAT THE ADDITIONAL PRODUCTION GENERATED BY THE CANADA RENTAL SUPPLY PLAN WILL COME ABOUT IN TIME TO CONTINUE THE MOMENTUM GENERATED BY THE FINANCE MINISTER'S DECISION TO ALLOW MURB TAX INCENTIVES FOR UNITS STARTED BEFORE THE END OF 1981.

I UNDERSTAND THAT MR. RAYMOND BOIVIN, SENIOR VICE-PRESIDENT OF CMHC WILL BE TALKING TO YOU ABOUT THE PLAN LATER IN YOUR PROGRAM.

THE AMENDMENTS NOW BEFORE PARLIAMENT WILL GIVE RENTAL PRODUCTION A FURTHER BOOST. THEY WILL ALLOW CMHC TO BE MORE HELPFUL TO ENTREPRENEURS WHO ARE PREPARED TO BUILD RENTAL ACCOMMODATION. THE CORPORATION WILL BE IN A POSITION TO INCREASE ITS LOAN LEVELS FOR RENTAL PROJECTS WITHOUT PUTTING THE MORTGAGE INSURANCE FUND INTO JEOPARDY. THE CHANGES WILL ALLOW DEVELOPERS TO GET THEIR PROJECTS STARTED WITHOUT HAVING TO PUT UP AN UN-REALISTIC AMOUNT OF THEIR OWN MONEY.



AS I AM SURE MANY OF YOU ARE AWARE, CMHC IN THE LAST YEAR OR TWO WITH CONSIDERABLE SUCCESS, HAS MADE A CONCENTRATED EFFORT TO IMPROVE ITS SERVICES TO ITS MORTGAGE INSURANCE CLIENTS. THESE MEASURES, WHEN PASSED IN TO LAW, WILL MAKE PUBLIC MORTGAGE INSURANCE EVEN MORE RELEVANT TO YOUR NEEDS AND TO THE NEEDS OF CANADIANS WHO ARE SEEKING SOLUTIONS TO THEIR HOUSING PROBLEMS.

IN SPITE OF ALL OF OUR EFFORTS TO MAKE THE PRIVATE HOUSING MARKET WORK EFFECTIVELY, HOWEVER, THERE WILL ALWAYS BE SOME PEOPLE -- SINGLE-PARENT FAMILIES, THE OLD, THE HANDICAPPED, THE DISADVANTAGED -- WHOSE NEEDS ARE NOT MET.

THESE PEOPLE AND THEIR NEEDS ARE ALWAYS ONE OF THE GOVERNMENT'S VERY HIGH PRIORITIES. ALL OF THE GOVERNMENT'S SOCIAL HOUSING PROGRAMS HAVE RECENTLY BEEN THOROUGHLY REVIEWED AND EVALUATED AND THEY WILL BE CHANGED AND IMPROVED AS REQUIRED IN THE MONTHS AHEAD.

I EXPECT VERY SHORTLY TO BRING BEFORE PARLIAMENT MORE LEGISLATION WHICH I BELIEVE WILL MAKE CONSIDERABLE IMPROVEMENTS IN THE FEDERAL HOUSING PROGRAMS WHICH ASSIST NATIVE PEOPLE AND OTHER LOW-INCOME PEOPLE IN RURAL AND REMOTE PARTS OF THE COUNTRY.

AS A PERSONAL PRIORITY, I CONTINUE TO TAKE A GREAT INTEREST IN THE IDEA OF SHELTER ALLOWANCES, AS AN EFFECTIVE, ECONOMICAL AND EQUITABLE WAY OF HELPING PEOPLE TO RESOLVE THEIR HOUSING PROBLEMS.

AS I AM SURE YOU ARE AWARE, THE PRINCIPAL INSTRUMENT NOW AVAILABLE FOR SOCIAL HOUSING IS THE ARRANGEMENT BY WHICH THE MORTGAGE INTEREST RATE IS EFFECTIVELY REDUCED TO AS LOW AS TWO PER CENT FOR NON-PROFIT ORGANIZATIONS WHO ARE PREPARED TO BUILD OR ACQUIRE HOUSING, WITHIN PROGRAM GUIDELINES, AND TO MAKE AN ACCEPTABLE PROPORTION OF THE UNITS AVAILABLE FOR LOW-INCOME PEOPLE.

I WOULD LIKE TO EXPLORE WAYS IN WHICH DEVELOPERS COULD PARTICIPATE MORE DIRECTLY IN THIS ACTIVITY, ALONG WITH THE SPONSORING NON-PROFIT GROUPS. I AM SURE THERE ARE VERY SUBSTANTIAL BENEFITS TO BE ACHIEVED BY THIS KIND OF ARRANGEMENT, IN TERMS OF REDUCED COSTS AND IMPROVED EXPERTISE, IF THEY COULD BE BROUGHT ABOUT WITHOUT IN ANY WAY COMPROMISING THE PROGRAM'S SOCIAL OBJECTIVES.

I AM ALSO LOOKING FORWARD TO WAYS IN WHICH WE, AS A GOVERNMENT, AND YOU, AS AN INDUSTRY CAN BECOME VERY MUCH MORE ACTIVE IN THE REHABILITATION OF OUR EXISTING HOUSING STOCK. I AM SURE THAT YOU ARE JUST AS CONSCIOUS AS WE ARE OF THE SOCIAL,

DEMOGRAPHIC AND ECONOMIC REASONS THAT WILL MAKE REHABILITATION A VERY SIGNIFICANT PART IN OUR FUTURE.

THIS CHANGE IN EMPHASIS WILL, OF COURSE, REQUIRE NEW MANAGEMENT TECHNIQUES, NEW WAYS OF DOING BUSINESS AND, ABOVE ALL, THE DEVELOPMENT OF NEW SKILLS AND THE MODIFICATION OF THE TRADITIONAL SKILLS.

AS I AM SURE YOU ARE ALL AWARE, IT WAS DECIDED THAT THIS WAS AN AREA IN WHICH THE GOVERNMENT, THROUGH CMHC, COULD PROVIDE SOME LEADERSHIP AND ASSISTANCE. AS A RESULT, A REHABILITATION TRAINING CENTRE HAS BEEN ESTABLISHED AT THE CORPORATION'S NATIONAL OFFICE IN OTTAWA AND TWO COURSES HAVE NOW BEEN PUBLISHED WITH A THIRD EXPECTED TO APPEAR IN THE FALL OF THIS YEAR. COURSE ONE HAS BEEN DELIVERED AT LEAST 14 TIMES IN VARIOUS CITIES ACROSS THE COUNTRY AND IT IS BEING EVALUATED BY THE PEOPLE WHO PARTICIPATED IN IT.

I UNDERSTAND THAT, AT YOUR REQUEST, A PRESENTATION ON THE REHABILITATION TRAINING PROGRAM IS BEING PRESENTED AT YOUR CONFERENCE DURING THE NEXT FEW DAYS AND I URGE YOU TO SEE IT AND TAKE PART IN THE DISCUSSION, IF YOU CAN POSSIBLY ARRANGE IT.

I SHOULD MENTION ALSO ANOTHER INITIATIVE BY WHICH WE ARE ENCOURAGING INNOVATION AND CHANGE IN THE HOUSING INDUSTRY.



OUR HOUSING TECHNOLOGY INCENTIVES PROGRAM HAS NOW COMPLETED ITS FIRST FULL YEAR OF OPERATION. DURING 1981 \$375,000 IN GRANTS WERE COMMITTEE TO 44 CANADIAN COMPANIES TO ENCOURAGE THE DEVELOPMENT AND DEMONSTRATION OF ORIGINAL PRODUCTS OR METHODS THAT ARE LIKELY TO IMPROVE HOUSING AND LIVING CONDITIONS IN CANADA.

DURING 1981, PRIORITY WAS GIVEN TO IDEAS RELATED TO ENERGY CONSERVATION, RESIDENTIAL REHABILITATION AND -- DURING THE INTERNATIONAL YEAR OF DISABLED PERSONS - THOSE DESIGNED TO ASSIST PEOPLE WITH PHYSICAL DISABILITIES.

THE RESPONSE HAS BEEN MOST GRATIFYING AND I AM HAPPY TO ANNOUNCE TODAY THAT, FOR APPLICATIONS SUBMITTED AND APPROVED DURING 1982, THE MAXIMUM GRANT WILL BE INCREASED FROM \$10,000 TO \$15,000.

APPLICATIONS DEALING WITH PRODUCTS OR METHODS RELATED TO ENERGY CONSERVATION, RESIDENTIAL REHABILITATION AND THE NEEDS OF DISABLED PERSONS WILL, OF COURSE, CONTINUE TO BE WELCOME IN 1982. FOR ITS SECOND YEAR OF OPERATION, A WIDER RANGE OF INNOVATION WILL ALSO BE ENCOURAGED AND IDEAS ON ALL ASPECTS OF HOUSING TECHNOLOGY WILL BE CONSIDERED.

I HAVE NOT BURDENED YOU TODAY WITH MY FORECASTS ABOUT HOW MANY STARTS AND COMPLETIONS WE MAY ACCOMPLISH IN THE MONTHS AHEAD OF US OR HOW THESE PREDICTIONS COULD BE AFFECTED BY CHANGES IN INTEREST RATES OR THE UPS AND DOWNS OF THE AMERICAN ECONOMY. I HAVE NO DOUBT YOU WILL BE HEARING A GREAT DEAL ABOUT THAT SORT OF THING IN THE NEXT FEW DAYS.

I WANT TO FOCUS YOUR ATTENTION TODAY ON WHAT IS BEING DONE -- WHAT CAN BE DONE NOW -- TO IMPROVE OUR PERFORMANCE IN MEETING THE HOUSING NEEDS OF CANADIANS.

I HAVE SPOKEN TO YOU ABOUT LEGISLATION NOW BEFORE PARLIAMENT WHICH WILL, IN FACT, HELP HOME-OWNERS WHO ARE FACED WITH THE SPECTRE OF FORECLOSURE BECAUSE OF HIGH INTEREST RATES.

I HAVE SPOKEN ABOUT HOW THIS LEGISLATION WILL ALLOW CMHC TO PLAY A MORE EFFECTIVE PART IN STIMULATING THE CONSTRUCTION OF AFFORDABLE HOUSING AND SUPPORTING THE INTRODUCTION OF INNOVATIVE MORTGAGE INSTRUMENTS.

I MENTIONED TO YOU ALSO, SOME OF THOSE AREAS IN WHICH GOVERNMENT AND BUSINESS CAN CONTINUE, AND INTENSIFY, THEIR PRODUCTIVE CO-OPERATION -- THROUGH GREATER INVOLVEMENT IN SOCIAL HOUSING, THROUGH THE DEVELOPMENT OF RESIDENTIAL REHABILITATION SKILLS, INCENTIVES FOR INNOVATIVE HOUSING TECHNOLOGY, AND OTHER MATTER OF COMMON CONCERN.

I EXPECT THAT IN THE NEXT FEW DAYS YOU WILL BE DIRECTING YOUR ATTENTION TO WAYS IN WHICH YOU, AS A NATIONAL ORGANIZATION AND AS MEMBERS OF INDIVIDUAL BUSINESS FIRMS, WILL RESPOND TO THE CHALLENGE WHICH FACES YOUR INDUSTRY AND THE COUNTRY.

I WISH YOU WELL IN YOUR DELIBERATIONS. I KNOW THAT MANY OF OUR OFFICIALS AT CMHC WILL BE HERE TO TAKE PART IN THEM WITH YOU. I LOOK FORWARD, WITH A GREAT DEAL OF INTEREST, AND CONFIDENCE, TO HEARING THE RESULTS OF YOUR WORK.



# Remarks by the Honourable Paul Cosgrove

# Discours de l'honorable Paul Cosgrove

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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CO-OPERATIVE HOUSING FOUNDATION OF CANADA

1982 ANNUAL GENERAL MEETING



TORONTO

MAY 14, 1982

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and Housing Corporation

Société canadienne  
d'hypothèques et de logement



It seems that no matter where you look these days, there is trouble: the world economy, unemployment and high interest rates.

You know, balancing efficient government and effective government within the parameters of government economies is a difficult process. You can only squeeze pennies until something squeaks.

In the Speech from the Throne back in 1980, one of the highlights was the statement that the Government through several measures was going to work towards making government more efficient by ensuring that its programs were more effective.

But, never did we believe that this leaner government should be a meaner government. I believe that efficient governments can have a heart because, by the same token, that is the very essence of an effective government.

As a consequence, I do not believe for a second in the U.S. Ambassador's assertions that Canada is spending too much money on social programs, as was reported in statements



made by him just a matter of days ago.

I am very proud of this Government's record with respect to its support of social programs and more specifically, of CMHC's active role in the realm of social responsibility. Through various initiatives, CMHC has provided far more than 80,000 units during the past three years alone, at a cost of 100's of millions of dollars, of which 12,000 units were provided to co-ops.

No, I do not subscribe to the school of thought that this Government is spending too much money in support of those of its citizens genuinely in need.

People work together using the collective resources to accomplish whatever the goals might be. Recently, while reviewing briefing material in preparation for a meeting with representatives from the Co-operative Housing Foundation, I was struck by the frequency with which Canada Mortgage and Housing Corporation and your organization establish working committees, ad hoc groups or task forces to investigate issues of concern.

I thought to myself, with justification, that both organizations had established a policy of working co-operatively to resolve the many problems and irritants that crop up in the course of any good working relationship. This is not a new approach, mind you, but it is a good one.

For example, take the pre-1979 project operating agreements. Prior to that time, operating agreements which documented the terms and conditions under which assistance would be provided to co-operatives were, quite often, inconsistent in form and content.

After discussions, CMHC agreed to negotiate changes in an effort to develop a standard operating agreement.

As a result of these co-operative negotiations, a new submission regarding the agreement will be dealt with shortly.

Another area where there has been close co-operation is in the improvement of program delivery.

As many of you are aware, problems sometimes existed at a local level regarding:

- 1) the unbalanced pattern of project commitments during the year;
- 2) the interpretation of policies and guidelines;
- 3) the review and approval turnaround times of projects by CMHC; and
- 4) the process of resolving differences.

To deal with these issues, a committee was established consisting of representatives of CHF and CMHC to recommend reasonable program delivery performance standards. I was happy to learn that most of the situations that I have outlined have been dealt with in a final draft of a document which establishes Performance Standards.

These are just two current, prime examples of how CMHC and CHF have worked together using their joint collective resources to accomplish concrete results.

I believe it is a responsive and responsible way in which to conduct inter-institutional relationships.

These tough times demand tough decisions. The establishment of priorities.

Governments are increasingly under seige from various quarters for more money. But there is only so much to go around.

Time and time again, most Canadians, including the business community have echoed the exhortation of my colleague the Minister of Finance, that only by reducing the deficit, will there be any relief from high interest rates. The budget was obviously designed with this in mind. At the same time though, while reducing expenditures in some areas, successful efforts were made to assist those sectors of the economy and those individuals suffering real hardship.

I am proud of the success I have had in generating a Federal Government response on the issues of mortgage renewal and rental supply.

Let me review for a moment the significant impact these measures will have. For example, on Budget night the Minister of Finance announced the Canada Mortgage Renewal



Plan, which offers some help to Canadians, who are renewing their mortgages at high interest rates and who are obliged to pay out inordinate proportions of their income in monthly payments. This was accomplished by offering a guarantee to lenders who are prepared to defer mortgage interest payments. In addition, the Plan makes an outright grant of up to \$3,000 to borrowers whose equity in their home is not sufficient to warrant an interest-deferral arrangement.

At the same time, on Budget night, I announced the Canada Rental Supply Plan which provides interest free loans to assist in the construction of 15,000 units of affordable rental housing in markets where there is an inadequacy of supply.

After the announcements were made, I met with the provincial Housing Ministers from coast to coast, in an attempt to solicit support for these measures and to discuss ways and means for most effectively implementing them in each Province.

During the course of these discussions, I discovered that further impetus would be needed to stimulate the rental market place.

I urged the Minister of Finance to free another \$100 million to double to 30,000 units, the numbers of new rental units to be constructed, with CMHC support through the provision of interest free loans.

In addition, in order to infuse a much needed shot of adrenalin into the lagging construction industry, I presented to the Minister of Finance a proposal for \$30 million in forgivable loans to assist in the improvement of existing houses under the Canada Home Renovation Plan. The latter government initiative is aimed at creating jobs by encouraging individuals to hire skilled and semi-skilled labour to fix up their houses and is targetted to the areas of the country experiencing highest unemployment.

These initiatives by the Government are both responsive and responsible. Altogether it is estimated that an additional 70,000 new jobs directly and indirectly will be created if Canadians respond to these Federal Government programs. They are bold measures, but at the same time, responsible measures.

But, there will be those who will say that it is not enough.

Maybe, but Governments are given a mandate to pursue directions on behalf of the people of Canada. They must be responsible pursuits, that are contingent on the availability of funds.

We must answer the competing claims of many interests, whether they be provinces, native groups, non-profit sponsors or co-operatives. Each of these groups of Canadians have demands, but there are only so many ways you can stretch the dollar all the while stretching it in an equitable and reasonable manner.

I say this because I know there is a feeling in your organization that one of the best ways to create jobs is through increased impetus of co-operative housing production under Section 56.1 of the National Housing Act.

I have carefully listened to the views of your organization, and, based on all the facts before me, I am convinced our policies are responsive and responsible regarding the cost, effectiveness of job creation.

In assessing the alternatives, we had to keep in mind that the Co-op program requires a long-term commitment

in federal government subsidies. The CRSP has been clearly established as a one-time initiative designed to specifically create jobs and help alleviate rental accommodation in tight market areas.

Finally, there are a couple of additional items I would like to bring you up to date on.

First of all, there is the matter, as you are aware, of the CMHC assessment that is currently underway regarding our Social Housing Programs across the country. As you can realize, it is a major undertaking, and although it was initiated only a few months ago, we hope that all the data will be in place for review and discussion no later than July of this year.

Also, there were some admendments to the National Housing Act which will have an impact on the operations of co-operatives included in Bill C-89.

Namely, the requirement that co-operative associations be legally structured as non-profit corporations, was deleted, which of course was necessary in order to avoid a conflict between provincial legislation across the country governing co-operatives and CMHC's requirements.



As a consequence, the new NHA Loan regulations will shortly be proposed to accommodate these changes.

Once again, these reforms are being tailored in a responsive and responsible manner. They are also being tailored in an atmosphere of discussion and co-operation.

It would be ideal if all the other organizations in this country were to take a similar approach to the resolution of their differences with government and with each other.

It reminds me of another time, exactly one hundred years ago, and some comments that were made by Sir Wilfred Laurier, one of the greatest of our Prime Ministers.

He said that: "There is no more urgent reform than educating...opinion to unselfishness, and until that reform is achieved, all other reforms are impossible".

It is obvious that the co-operative housing movement in Canada conducts itself in the spirit of this reform, and it is indeed an honour for me to have this opportunity to meet with you in that atmosphere here today.

Thank you.

# Remarks by the Honourable Paul Cosgrove

# Discours de l'honorable Paul Cosgrove

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
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et de logement

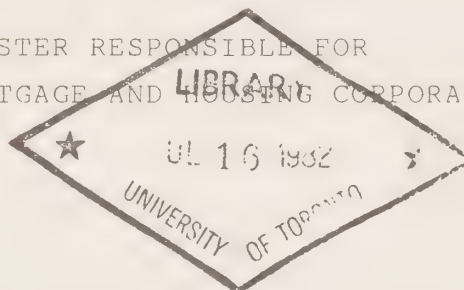
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SPEAKING NOTES FOR  
THE HONOURABLE PAUL COSGROVE  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION



House of Commons  
July 5, 1982.

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



Madam Speaker,

I am pleased to have this opportunity to express my complete support for the measures announced by my colleague, the Minister of Finance, and in particular the initiatives which relate to my direct concerns in housing. This is a very important budget. It will:

- renew security and confidence;
- foster a partnership between governments, the private sector and individual Canadians for economic revival and recovery;
- forge a national commitment, a national purpose, to resolve our economic problems;  
and
- create jobs immediately.

Nowhere are these themes more important than in housing. Housing is the cutting edge. Housing can lead the way to economic recovery.

To do this it is first necessary to create a climate in which individual Canadians feel secure, confident, in their housing choices. Homeowners want to



know that they can cope with mortgage renewal. Renters want to feel assured about the supply of rental accommodation. Prospective first-time home buyers want to have longer term security before purchasing a home. This government in its past actions and most importantly in the measures just announced by the Minister of Finance has dealt with these fears.

The Canada Mortgage Renewal Plan will now provide grants, no more interest deferral. The commitment to the production of 30,000 rental units under the Canada Rental Supply Plan is reaffirmed. The \$3,000 grant to buyers of new homes and first-time home purchasers provides an immediate stimulus and, combined with the proposal set out in the White Paper regarding mortgage funds at less than going rates, longer term security. The additional 2,500 non-profit and co-operative housing units, on top of the 25,000 social housing units already provided, ensure that households of low and moderate income are not forgotten. Finally, the extension of the Canada Home Renovation Plan enables more homeowners to improve and repair their homes.

These actions demonstrate the government's concern for existing homeowners; for first-time home buyers; for renters; and in getting housing going. Canadians see housing as central to their social and financial security and these measures help restore that security. Confidence is needed if first-time home buyers are to purchase a house and this confidence is provided.

The steps the government is taking in housing also provide the basis for concerted national action to get housing moving again. The success of this action will require the commitment and co-operation of other orders of government, of the industry and of lending institutions. We must work together in a spirit of national purpose and commitment to get housing going and to lead the way to economic renewal. This is not the time for pointing fingers, it is the time for action and co-operation.

I am confident that if we all work together we will succeed in this mission. But it is no small job. Some housing analysts have been predicting housing starts will be in the order of 110 to 125 thousand this year. I would like to see starts this year reach the level of 175,000. This is an ambitious

target in the present circumstances and my work and that of my provincial colleagues and the industry will be difficult but I believe if we work together we can make real achievements.

There are substantial rewards for the economy and for individual Canadians in achieving our task. Federal housing actions will have created 180,000 jobs, most of them over the next year. These jobs will be in rental construction, the construction of single family dwellings and the renovation and insulation of existing housing. They will reduce substantially the high level of unemployment in the residential construction industry. Jobs will be created in the production of building materials and in the manufacture and distribution of appliances and other household furnishings. These benefits will flow to all regions and parts of this country.

The federal government is committed to getting housing going and to restoring security and confidence.

The government through this and the previous budget has allocated three quarters of a billion dollars for housing initiatives. This is in addition to the government's ongoing support for social housing, for rehabilitation under the Residential Rehabilitation Assistance Program, for home insulation, and for support of native housing. These are new funds allocated to housing. It is also important that honourable members and the public understand that these funds do not represent the replacement of private funds with federal funds.

These funds provide incentives to Canadians. They represent the government working with Canadians to create an environment, a partnership, for economic recovery and for renewed security and confidence.

This partnership between the government and individual Canadians means that federal incentives will result in some \$3.7 billion in new housing activity.



I want to take a few moments now to review our programs.

I am particularly pleased with the decision to provide a cash grant of \$3,000 to all purchasers of new homes and to first-time buyers of existing housing. I would like to remind honourable members that this assistance applies to all types of homes - single-detached and semi-detached houses, triplexes, duplexes, row-housing and condominiums.

The grants may be paid under the authority of the National Housing Act, and do not require any new legislation.

The grant is available for all new houses started before the end of 1982, including houses which are already built but have not been occupied or which are now under construction.

In the case of first-time buyers purchasing existing housing, the grant will be available to the end of this year. For new houses, they must be purchased before the end of 1983.

These timeframes will encourage builders who are prepared to build houses on speculation - that is, to begin construction without having a prior commitment from a buyer. This way they should have enough time to construct the units and find buyers before the plan is scheduled to run out.

The cash grant must be applied to the mortgage debt. By reducing the amount of the mortgage, the purchaser can reduce the interest payable and make monthly payments somewhat more manageable.

To ensure the buyer's continued interest in the property a minimum downpayment of 10 per cent of the purchase price is required - over and above the \$3,000 grant. The grants, incidentally, will not be taxed as income.

It is expected that the plan will encourage the production of medium priced housing and, for that reason, there will be price limits.

The grant is a straightforward arrangement. It will allow home buyers to take advantage of both federal assistance and provincial benefits, such as

interest-free loans or interest write-downs, without unwarranted complications.

I believe that there will be an increase of 25,000 starts in the next six months.

As honourable members are aware, the Government has already demonstrated its concern for renters and for the availability of rental accommodation through measures which will increase the production of housing for rental by some 30,000 units. The Canada Rental Supply Plan offers interest-free loans to entrepreneurs.

I am very pleased to say that the response to that plan has been most encouraging - despite predictions by some honourable members opposite that builders would turn up their noses at it. On the contrary, there has been a very lively expression of interest across the country.

I am confident, Madam Speaker, that the Canada Rental Supply Plan will help to maintain the current upsurge in construction of rental housing and

that it will achieve its goal of making more accommodation available in those parts of the country where the shortage is most severe.

The 30,000 units to be assisted under the plan are, of course, in addition to the units which will be supported under the Co-operative and Non-Profit Housing Programs which encourage the construction or acquisition of housing intended mainly for people with limited incomes.

I was very pleased to hear the Minister of Finance announce that an additional 2,500 units will be assisted through these programs, bringing the total for the year to 27,500. I know that will be good news for the many organizations across the country who have expressed an interest in sponsoring these socially useful housing projects.

One of the most popular of the Government's recent initiatives in the housing field has been the Canada Home Renovation Plan. CHRP - as it is called - provides forgivable loans of up to \$3,000 to encourage



owners to invest in the renovation and improvement of their properties.

The public response to this plan, in many communities, has been almost overwhelming. CMHC offices report that, although the program has been in effect for less than two months, the total of loans approved, or under construction, already amounts to almost eight million of the budgetted 30 million dollars.

I welcome the Finance Minister's announcement that the funds available for this plan will be doubled, from \$30 million to 60 million dollars.

I think all honourable members will welcome the changes announced by the Minister of Finance regarding the Canada Mortgage Renewal Plan, which offered grants and interest-deferral guarantees for homeowners who are facing serious difficulties in renewing their mortgages at high rates of interest.

The response to this plan has not been as heavy as was anticipated - even taking into account the reduced demand caused by the lower interest rates

which prevailed in recent months.

I believe it is quite evident, Madam Speaker, that many Canadians do not consider that deferring their interest payments is the best solution to their problems. This feeling is particularly strong in those parts of the country where house prices have been declining, along with the owners' equity.

In the circumstances, it seems particularly appropriate to eliminate the interest-deferral guarantees from the plan. This change means simply that those homeowners who apply for assistance under the plan will now receive a grant. Those homeowners who are getting assistance in the form of an interest-deferral guarantee will from today onward get a grant.

As I said at the outset, this is an important budget. It increases the security of homeowners faced with mortgage renewal and concerned about losing their home, and to renters who are worried about the availability of rental accommodation. It restores the confidence of first-time home buyers both in the short and the longer run and demonstrates that the government is concerned

about existing homeowners in a compassionate yet responsible way. It provides confidence to the residential construction industry, making housing the cutting edge for economic renewal. In sum, Madam Speaker, it signals the government commitment to security for homeowners and renters; to reasonable access to homeownership; and to the principle of the government working with individual Canadians, the provinces, and the industry in a partnership aimed at economic renewal.

In closing, Madam Speaker, I want to tell Honourable Members, that, during the next few weeks, I will be visiting my provincial counterparts, meeting with the industry and talking to Canadians. I want to hear their comments especially on the White Paper. I want them to know that this government wants to get on with the important job of boosting the economy. It will require the co-operation of all Canadians. I am confident that, together, we can do it.

Thank you.

# Remarks by the Honourable Paul Cosgrove

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Paul Cosgrove

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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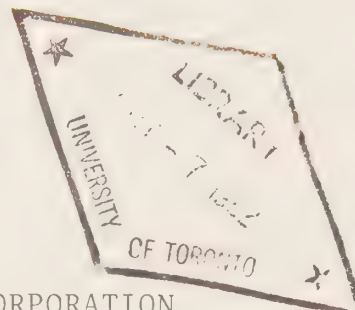
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## SPEECH NOTES

HON. PAUL COSGROVE

MINISTER RESPONSIBLE FOR

CANADA MORTGAGE AND HOUSING CORPORATION



## HOUSING UPDATE

METROPOLITAN HAMILTON REAL ESTATE BOARD

HAMILTON, SEPTEMBER 13, 1982

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





While there might have been times in the recent past when I might not have been able to say so with as much conviction, I really do welcome the opportunity of discussing with you the current and future housing prospects for Hamilton, the Province of Ontario and the nation.

The person who coined the phrase: "I like to hit myself over the head with a hammer because it feels so good when I stop" had to be either the world's greatest masochist or someone involved in the housing industry during one of its bleaker periods.

And come to think of it, all of us at times would probably be hard-pressed to differentiate between the two!

A few short months ago, we who have been charged with providing Canadians with adequate and affordable housing WERE being hammered at every turn.

But action taken by the national government in the June budget, coupled with earlier initiatives and the co-operation of some of the provinces and the housing industry are starting to pay dividends. In a world where optimism is often condemned by the naysayers as naivety or worse, I would like to tell you that I AM very optimistic at the encouraging signs in the housing market and this optimism is shared by spokesmen for the housing industry.

As you know, the June budget introduced a five-point housing program which, together with initiatives last November, offered a wide range of incentives to renters, homebuyers and existing homeowners.

The national government committed three-quarters of a billion dollars to these programs which included:

- The Canadian Homeownership Stimulation Plan (CHOSP) whereby all purchasers of new homes on which construction starts before December 31 of this year and first-time buyers who purchase an existing home before the same date are eligible for a \$3,000 cash grant to assist in reducing their mortgage loan.

- The Canada Mortgage Renewal Plan (CMRP) was extended from November 12, 1982 to the end of next year and was upgraded to provide a non-taxable cash grant of up to \$3,000 for homeowners having to spend more than 30 per cent of their gross income on mortgage costs as a result of renewals taking place after June 28.

This change to the plan meant that it would no longer be necessary to defer interest.

- The Home Renovation Plan's initial \$30 million allocation was doubled to \$60 million.

- Co-Operative and Non-Profit Housing saw an increase in the annual allocation from 25,000 units to 27,500 to give greater assistance to low-income Canadians, and

- The Canada Rental Supply Plan is aimed at encouraging the construction of affordable rental accommodation in those areas of the country where it is most scarce. The plan offers builders interest-free loans to help with the construction of 30,000 rental units.

I am very pleased to report today that in the case of the Canadian Homeownership Stimulation Plan, over the past two months since its introduction, we have had 225,215 inquiries from across the country. There have been 141,220 application forms sent out, 47,094 applications have been received, 31,314 applications approved and 23,536 cheques have been issued.

Our most recent figures for the Metro Hamilton area indicate that more than 3,500 inquiries have been made, 878 applications received and 849 approvals granted, representing 152 new homes and 697 existing dwellings.

I am all too aware that recent headlines screamed about the low levels of new housing starts, but one of the primary laws of Economics -- whether you're selling baked goods, clothing or houses -- is that you get rid of your existing stock before you start manufacturing new product.

And that's what is happening in the housing industry as a result of CHOSP. Existing inventory is being bought and, as various federal initiatives to stimulate the economy take hold, this is expected to result in an upsurge of new housing starts over the next few months -- all of which, of course, mean jobs.

The Housing and Urban Development Association of Canada has indicated that it expects September to be more fruitful than August in this regard as Canadians come back from holidays and settle back into a normal living pattern.



Other encouraging statistics in terms of our five-point program include the fact that where about 1,000 applications had been received under the Canada Mortgage Renewal Plan before the budget, this has risen to close to 4,000 in the past two months, 125 of which were from the Hamilton area.

The security added by this program demonstrates to Canadians that the national government is sensitive not only to the ability of people to gain access, but as well to maintain their homes. We feel that it is a sensitive and sensible safety net for people facing difficult problems on renewal.

As for the Canada Rental Supply Plan, the last published figures indicated that applications had been approved for some 2,500 units. This has increased to close to 10,000. In the Hamilton area, negotiations are going on with seven developers with a potential for 594 units.

Under the Home Renovation Plan, the take-up has reached the 50 per cent mark, or \$30 million, which is well beyond our expectations so soon after its introduction. And since this plan is a one-for-two proposition where the homeowner puts in \$2 for every \$1 from the national government, this has meant that \$90 million has been poured into the economy through this initiative, again creating employment in the construction trades.

In the Metro Hamilton area, our latest figures reveal that 496 applications under this program have been approved, totalling more than \$775,000.

I think it is fair to say that there has been a remarkable movement in housing in the last two months and all signs point to an even greater spurt of activity in the immediate future.

Still more good news for the homeowner, as well as the farmer, fisherman and small businessman in this country, is expected to result from the deliberations of a committee under the chairmanship of Pierre Lortie.

The chairman and committee members have been receiving input from a number of interested parties under the mandate given them by the Minister of Finance. Their report on the feasibility of financial instruments to reduce interest rates to three to six per cent below the market rate for those segments of society just mentioned will be delivered by the target date of September 30.

The bottom line as far as our national initiatives to stimulate the Canadian housing market is that these programs are alive and well and working.

I might add that as the Minister of Housing for Canada, I have been working as well. Since the June budget, I have taken the opportunity to visit all of the Housing Ministers in all regions of Canada to explain our programs and to attempt to achieve a co-ordinated delivery of our programs with the provinces.

Another reason for my travels was to publicize the programs at the regional level so as to stimulate interest, leading to the levels of acceptance we are now enjoying.

My visits to the Ministers were criticized as being unnecessary -- it was even suggested that I should have stayed in my office and contacted them by phone - but in a world saturated by information, we believed it was vital that we give the programs the greatest rattle possible and the immediate success of these projects has shown that we were correct.

One result of my meetings with the Housing Ministers was

an agreement reached with the Province of Ontario for a combined advertising campaign by Canada Mortgage and Housing, the province and the housing industry to publicize our \$3,000 homebuyers grant and the province's \$5,000 interest-free loan.

I have sent letters to repeat an offer for similar advertising programs to the other housing ministers and we are hopeful that the offer will be taken up in at least some jurisdictions. I would like to say that the national government welcomes the plans of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec and Nova Scotia, who have joined the national government in giving housing increased priority and hope that they will see the merit in a combined promotional campaign such as Ontario has accepted.

In explaining the national programs to my provincial counterparts, I stressed the fact that the three-quarters of a billion dollars in direct assistance to the housing sector did not come through an increase to the deficit.

Rather, it was the result of a re-allocation of funds and restraint in areas of government including our "6 and 5" program, about which I will have more to say in a moment.

I also pointed out that this funding is viewed as the catalyst which will attract an additional \$3.2 billion in capital from the private sector, giving a significant boost to the economy.

Four of the programs I have mentioned -- the \$3,000 home ownership grants, the home renovation assistance, the rental supply plan and the social housing programs -- have a dual purpose. They are intended not only to improve the housing conditions of Canadians but to create new jobs which are so sorely needed at this time.

Taken together with the broadening of the Canada Home Insulation Program, which made many more homes eligible for assistance, these programs are expected to create more than 180,000 new jobs -- in other words, jobs that otherwise would not have existed

I have been busy as well since June in meetings with the national organizations representing the housing industry -- HUDAC, UDI and CREA -- at which we discussed the preparation of their proposals to Mr. Lortie in the design of a new financial instrument.

During my visits across the country, a question I was often asked was whether the housing industry would nullify the benefits to the would-be homebuyer of the \$3,000 grant under CHOSP by increasing house prices by this amount.

I feel strongly that such will not be the case -- and it isn't only because of the high regard I have for the integrity of the people involved in the Canadian housing industry.

My reasons for this belief are two-fold: the fact that supply and demand controls the price of housing and an indication from industry representatives in a meeting with Mr. MacEachen and myself that the industry will abide by our request for voluntary acceptance of the "6 and 5" restraint policy.

This policy, as you may know, is a request by the national government that all Canadians restrict their economic demands over the next two years whether these demands be in the form of wage increases or the price asked for goods and services.

The government is asking that Canadians voluntarily restrict their demands to six percent in the 12 months beginning June 29, 1982 and to five per cent during the following 12-month period.

I met as well with the Prime Minister and Mr. MacEachen, with executive members of the Federation of Canadian Municipalities and with mayors from across the country and pointed out that the new initiatives in housing were made possible in part as a result of the "6 and 5" policy which freed up a total of \$700-million over the next two years in order to permit job creation initiatives by the government.

The government launched this campaign by rolling back the wages of Members of Parliament, Senators and political staff and by restraining the wages of federal civil servants.

In addition, federally-regulated pricing policies, such as Air Canada fares, Bell Canada rates and postal rates have been placed under these guidelines, as have prices charged by federal departments, including my own Public Works Canada and CMHC.

Holding down income settlements and pricing in the federal sector will have an impact on the economy, but will not completely rid us of inflation. However, this kind of leadership, followed by the private sector and by other levels of government will be decisive in helping to create a stronger economy, encourage investment and restore full employment for Canadians.

We have been strongly encouraged that the program will be a success, both as a result of the latest Gallup Poll which showed that 64 percent of the Canadian people endorse our efforts and by the fact that hundreds of companies across Canada have indicated their support.

Stelco and Dofasco are part of this group which also includes such corporations as Alcan Canada, Canadian Pacific Enterprises, Consumers Gas, Domtar, General Foods and Power Corporation, to name just a few.



We have also received an indication of support from various banks and trust companies as well as several automobile manufacturers in Canada.

The groundswell of support increases daily as more and more businesses realize that they can augment their credibility with the public by showing that they are restraining their prices. Activity in the housing market shows that restraint in housing prices has resulted in increased consumer interest -- hence more potential for job creation.

In my travels across Canada, I continually saw signs that we as a nation realize excessive inflation affects all of us, in all aspects of our lives, and, if it is to be beaten, no one -- no individual anywhere in the country -- should imagine that he or she can automatically be shielded from its effects.

The load must be fairly shared, but unfortunately, because of the direct link between high interest rates, mortgages and home ownership, the burden falls very heavily on the housing sector.

We have a very large stake in the battle.

If we are to win, it will demand a truly national, concerted effort. It will not be achieved by the Government of Canada acting alone. Nor will it be achieved only through a co-operative effort by all levels of government.

It will require the whole-hearted commitment of all Canadians -- as employers, as union members, as public servants, as professionals, as consumers and as managers of household budgets -- in all of the roles we play in the course of our daily lives.

Most of us, I know, would prefer to solve our problems voluntarily, through the operation of the conventional market forces.

We are not ready for the dramatic increase in government participation that mandatory controls would require, nor the inevitable distortions and potential unfairness that would follow, not to mention the increased costs of a whole new bureaucracy.

I believe that Canadians are ready, of their own free will, to make the kind of national effort that is needed to rebuild the kind of country we want for ourselves and for future generations.

It is not easy -- such sacrifices never are -- but the national government has shown its commitment and we are urging the country -- with appreciable success -- to follow our lead.

In the area of the economy directly affecting the housing industry, I am encouraged by a number of indicators -- the decrease in interest rates to 1980 levels, a de-escalation of inflated housing markets, increased sales in August in all regions -- particularly in Ontario and Quebec, an indication by the provinces that they are giving housing a high priority and a recognition by market analysts that housing will share in leading the economy back to recovery.

There is a general acknowledgement that the industry is becoming more efficient; that it has shown its ability to adjust and to meet the challenges of the times.

For our part, the budget's objectives were a short-term stimulus to the housing market, putting us on the road to long-term security and it is extremely gratifying to see within two brief months that these goals are being attained.

As I said in the House of Commons in July in speaking to the initiatives outlined by Mr. MacEáchen: "This budget is designed to renew security and confidence, to foster partnership between

governments and the private sector and individual Canadians and to achieve economic revival and recovery.

"It is designed to forge a national purpose and resolve to seek solutions to economic problems and to create jobs immediately. Nowhere are these themes more important than in housing.

"Housing is the cutting edge and it can lead the way to economic recovery."

If anything, my conviction that such is the case is even stronger now than it was two months ago. I have said that our programs are alive, they are well and they are working.

They will continue to work as long as people such as yourselves help us make them work. I trust we can count on your support in this endeavour and I thank you in advance for helping make our initiatives worth the effort.



# Remarks by the Honourable Roméo LeBlanc

# Discours de l'honorable Roméo LeBlanc

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SPEAKING NOTES  
FOR THE HONOURABLE ROMEO LEBLANC  
MINISTER RESPONSIBLE FOR THE  
CANADA MORTGAGE AND HOUSING CORPORATION



HOUSING AND URBAN DEVELOPMENT ASSOCIATION OF CANADA  
QUEBEC CITY, FEBRUARY 20th, 1984.

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





## SECURITY AND CONFIDENCE

I HAVE LOOKED FORWARD TO MEETING WITH HUDAC FOR SOME TIME .  
NOW THAT THE MINISTER OF FINANCE HAS BROUGHT DOWN HIS  
BUDGET AND HIS DATE PRECEDED YOUR MEETING IT MAKES MY  
TASK SOMEWHAT EASIER.

I WANT TO TAKE THIS OPPORTUNITY TO TELL YOU THAT I HAVE  
ENJOYED A NUMBER OF MEETINGS WITH YOUR EXECUTIVE OVER THE  
PAST YEAR AND THAT I AM ESPECIALLY PLEASED BECAUSE AS WE  
ALL KNOW NOW WE HAVE HAD SOME SUCCESS IN AN AREA THAT WE  
COLLECTIVELY HAVE FOUND TROUBLING - THE MORTGAGE MARKET  
AND INCREASING THE SECURITY AND CONFIDENCE OF HOME-OWNERSHIP.

IT IS REWARDING - I AM SURE THAT YOU AND YOUR EXECUTIVE  
FEEL THIS WAY - TO SEE IDEAS WHICH YOU AND I HAVE PROMOTED,  
AND IN ONE INSTANCE WHICH CMHC HAS CREATED, COME TO FRUITION.  
PERHAPS THE HARDEST THING TO DO IS TO SELL NEW IDEAS AND IF  
ONE IS TO SUCCEED ONE NEEDS ALL THE HELP ONE CAN GET. IN  
THIS REGARD I AM ESPECIALLY PLEASED BY THE WAY IN WHICH CMHC  
AND HUDAC HAVE WORKED TOGETHER TO ACHIEVE BETTER HOUSING  
FOR CANADIANS AND TO FIND WAYS TO FOSTER SECURITY AMONGST  
HOMEOWNERS.



WHAT I FOUND PLEASING ABOUT HUDAC'S, AND INDEED THE OTHER INDUSTRY GROUPS, REPRESENTATIONS ON THESE MATTERS WAS THEIR BALANCE. IT IS EASY TO ADVOCATE SOLUTIONS TO PROBLEMS WHICH COST HUNDREDS OF MILLIONS OR EVEN BILLIONS OF DOLLARS. IT IS MORE OF A CHALLENGE TO DEVISE PROGRAMS WHICH ARE PRUDENT AND WHICH DO NOT ENTAIL THE SPENDING OF LARGE GOVERNMENT RESOURCES.

I WAS PLEASED TO SEE THAT THE EMPHASIS OF HUDAC'S REPRESENTATION ON THE MORTGAGE MARKET WAS GOVERNMENT LEADERSHIP NOT GOVERNMENT LARGESSE. I WAS PLEASED TO SEE THAT THE EMPHASIS WAS ON CREATIVITY NOT BREAKING THE BANK.

LET ME DECLARE MY BIASES HERE. I KNOW THAT THE DEFICIT IS HIGH AND THAT CONTROLLING THE DEFICIT IS CRUCIAL FOR CONTINUED ECONOMIC RECOVERY. THIS IS AN IMPORTANT ARGUMENT AND ONE THAT WAS IN THE FOREFRONT OF YOUR ASSOCIATION'S MIND.

ALTHOUGH I WOULD HAVE LIKED TO SEE SOME INCREASE IN EXPENDITURES DIRECTED TO HOME RENOVATION, I HAD TO BALANCE THIS DESIRABLE GOAL AGAINST THE DELICATE BALANCE OF WHERE INTEREST RATES MIGHT BE BUMPED UP.

AT THE SAME TIME I LOOK AT THE RANGE OF HOUSING PROBLEMS FACED BY LOW INCOME HOUSEHOLDS, RURAL AND NATIVE CANADIANS, THE ELDERLY, SINGLE PARENT FAMILIES AND I SEE HOW MUCH NEEDS





TO BE DONE. IF THE HOUSING DOLLAR IS LIMITED THEN IT ARGUES THAT FEDERAL EXPENDITURES MUST BE TARGETTED TO THOSE MOST IN NEED. IN THIS REGARD IT IS DIFFICULT TO SEE HOME-OWNERS AS BEING IN THE GROUP MOST IN NEED. THAT IS WHY THE MORTGAGE RATE PROTECTION PROGRAM IS DESIGNED TO BE SELF-FINANCING.

WHAT I WANT TO ACHIEVE IS SECURITY AND CONFIDENCE FOR ALL PARTICIPANTS IN HOUSING. I WANT TO HAVE IN PLACE MEASURES WHICH WOULD ENSURE THAT NO HOUSEHOLD WOULD EVER HAVE TO SPEND MORE THAN SOME SET PROPORTION OF THEIR INCOME FOR HOUSING.

I DON'T BELIEVE HOMEOWNERS SHOULD HAVE TO FACE EXTRAORDINARY PAYMENT INCREASES AT MORTGAGE RENEWAL TIME. I ALSO DON'T BELIEVE THAT SOME LOW INCOME RENTERS OR OUR NATIVE CANADIANS SHOULD LIVE IN WHAT NONE OF US WOULD CONSIDER ACCEPTABLE HOUSING. AND I DON'T BELIEVE THAT THE SOLUTION TO ALL THESE PROBLEMS SIMPLY REQUIRES MORE MONEY.

IN SOME CASES WE HAVE TO PUT IN PLACE, AS WE ARE DOING, MEASURES WHICH WILL ALLOW THOSE WHO CAN HELP THEMSELVES THE OPPORTUNITY TO DO SO. THE MORTGAGE RATE PROTECTION PROGRAM AND MORTGAGE BACKED SECURITIES WILL ALLOW THIS. HOMEOWNERS WILL BE ABLE TO PROTECT THEMSELVES AGAINST LARGE



PAYMENT INCREASES AT RENEWAL OR HAVE THE OPPORTUNITY TO TAKE OUT LONGER TERM MORTGAGES. BUT THE COST OF THIS WILL BE BORNE BY THE HOMEOWNERS. THEY CAN PROTECT THEMSELVES IF THERE ARE WAYS FOR HOMEOWNERS TO DO SO. UNTIL NOW NO SUCH WAYS WERE READILY AVAILABLE. THE PROGRAMS MY COLLEAGUE MR. LALONDE ANNOUNCED IN HIS BUDGET WILL FACILITATE THIS.

THE MORTGAGE RATE PROTECTION PROGRAM IS ONE. IN MANY WAYS THIS PROGRAM OFFERS THE HOMEOWNER THE BEST OF ALL POSSIBLE OUTCOMES. IF MORTGAGE RATES DECLINE AT MORTGAGE RENEWAL TIME THE HOMEOWNER CAN TAKE FULL ADVANTAGE OF THE LOWER MORTGAGE INTEREST RATES. IF MORTGAGE RATES INCREASE HOMEOWNERS WILL NOT FACE LARGE PAYMENT INCREASES. THE HOMEOWNER IS IN A NO LOSE SITUATION - ABLE TO MAKE FULL ADVANTAGE OF INTEREST RATE DECLINES AND SUBSTANTIALLY COVERED IF RATES GO UP.

STABILITY AND CONFIDENCE SHOULD BE RESTORED. CANADIANS HAVE TRADITIONALLY LOOKED TO HOMEOWNERSHIP AS THE WAY IN WHICH THEY COULD CONTROL THE SINGLE LARGEST ELEMENT IN THEIR HOUSEHOLD BUDGET. OVER TIME WITH INCOME GROWTH AND PROPERTY VALUE GROWTH A HOMEOWNER WAS DEVOTING A REDUCED PROPORTION OF INCOME AND WEALTH TO HOUSING.



FOR EXAMPLE, HOMEOWNERS ON AVERAGE SPENT 21 PER CENT OF THEIR INCOME FOR HOUSING IN 1970. GIVEN INCOME GROWTH AND NO PROBLEMS WITH MORTGAGE RENEWAL THESE HOUSEHOLDS WOULD HAVE SPENT ABOUT 10 PER CENT OF THEIR INCOME ON HOUSING IN 1980.

THE EXPERIENCE OF THE LAST FEW YEARS HAS CHANGED THIS PERCEPTION OF HOMEOWNERSHIP. MORTGAGE PAYMENTS COULD INCREASE DRAMATICALLY. IN MANY CASES IT DEPENDED UPON THE LUCK OF THE DRAW OR THE TIMING OF MORTGAGE RENEWAL. THIS CREATED UNCERTAINTY AND INSECURITY. IT CREATED INEQUITIES. LET ME GIVE YOU AN EXAMPLE - SOMEONE WHO RENEWED THEIR MORTGAGE IN JUNE 1980 WOULD HAVE FACED MONTHLY HOUSING PAYMENTS 24 PER CENT HIGHER THEN SOMEONE WHO RENEWED IN APRIL 1980.

THE MEASURES ANNOUNCED IN THE BUDGET WILL HELP OVERCOME THESE UNCERTAINTIES. AN EXAMPLE MAKES THIS CLEAR. LET'S ASSUME A HOMEOWNER TAKES OUT A FIVE YEAR \$70,000 MORTGAGE AT 13 PER CENT AND PURCHASES THE INSURANCE. THE COST OF THE INSURANCE WOULD BE ABOUT \$11 A MONTH WHEN AMORTIZED IN THEIR MORTGAGE. IF THE MORTGAGE RATE WERE TO BE 18 PER CENT AT RENEWAL THE HOMEOWNER WOULD RECEIVE CLOSE TO \$6500 OVER THE NEXT FIVE YEARS TO REDUCE MONTHLY PAYMENTS. IF THE RATE WERE TO INCREASE TO 20 PER CENT THE BENEFITS WOULD BE CLOSE TO \$11,000. OF COURSE IF THE RATE WERE TO INCREASE TO 15 PER CENT IN THIS EXAMPLE THE HOMEOWNER WOULD NOT RECEIVE





ANY BENEFIT AS THE \$100 INCREASE IN MONTHLY MORTGAGE PAYMENTS SHOULD BE WITHIN THEIR FINANCIAL CAPABILITY.

WHAT THE PROGRAM DOES IN EFFECT IS LIMIT MONTHLY PAYMENT INCREASES TO BE BORNE BY THE HOMEOWNERS TO \$100 A MONTH. BEYOND THAT THE PROGRAM PICKS UP 75 PER CENT OF ANY INCREASES IN MONTHLY MORTGAGE PAYMENTS. THIS IN A VERY REAL WAY LIMITS THE EXPOSURE OF HOMEOWNERS AT MORTGAGE RENEWAL. STATED DIFFERENTLY IT WILL ENHANCE DRAMATICALLY THEIR SECURITY AND CONFIDENCE.

IN THE ABOVE EXAMPLE IF THE HOMEOWNER HAD TAKEN A 3 YEAR TERM MORTGAGE INSTEAD OF A FIVE YEAR TERM THE BENEFITS AT 18 PER CENT WOULD BE CLOSE TO \$4000 AND AT 20 PER CENT OVER \$6500. AGAIN IF THE MORTGAGE RATE AT RENEWAL INCREASED BY TWO PERCENTAGE POINTS OR LESS NO BENEFITS WOULD BE RECEIVED.

THERE ARE TWO OTHER POINTS THAT I WANT TO MAKE TODAY REGARDING THE MORTGAGE RATE PROTECTION PLAN. FIRST, PROTECTION UNDER THE PLAN WILL BE TIED TO THE MORTGAGE. THIS MEANS THAT THE PROTECTION WILL BE TRANSFERABLE WITH THE MORTGAGE. IF A HOMEOWNER SELLS THE HOME AND IF THE PURCHASER ASSUMES THE MORTGAGE HE WILL ALSO ACQUIRE THE PROTECTION THE ORIGINAL HOMEOWNER HAS PAID FOR. THE VALUE OF THE INSURANCE WILL BE A MATTER BETWEEN THE BUYER AND THE



SELLER. THIS FEATURE WILL, HOWEVER, ALLOW THE ORIGINAL PURCHASER OF THE INSURANCE TO RECEIVE SOME BENEFIT AND IT WILL NOT DISRUPT THE MORTGAGE AND REAL ESTATE MARKETS.

THE SECOND POINT RELATES TO THE NEXT STEPS AND THE TIMING OF IMPLEMENTATION. AS MR. LALONDE SAID LEGISLATION WILL BE NEEDED BUT IT WILL BE RETROACTIVE TO MARCH 1. I HAVE INSTRUCTED MY OFFICIALS TO BEGIN IMMEDIATELY THE CONSULTATION PROCESS WITH THE HOUSING INDUSTRY ASSOCIATIONS AND THE LENDING COMMUNITY. THE FIRST MEETINGS WILL BE HELD THIS WEEK. MY OFFICIALS WILL BE DISCUSSING THIS AND THE OTHER PROPOSALS WITH YOUR ASSOCIATION DURING YOUR CONFERENCE. MY HOPE IS TO BE READY TO GO BEFORE PARLIAMENT IN MARCH. THIS IS A DEMANDING SCHEDULE BUT IF THE COOPERATIVE SPIRIT THAT HAS CHARACTERIZED RELATIONSHIPS BETWEEN CMHC AND HUDAC IS ANY GUIDE IT IS AN OBJECTIVE WHICH WE CAN ACHIEVE. I AM LOOKING FOR YOUR HELP DURING THE PROCESS AND I HAVE EVERY CONFIDENCE THAT YOU WILL PROVIDE IT.

MR. LALONDE ALSO ANNOUNCED THAT WE WOULD BE WORKING WITH YOU ON A MATTER THAT I KNOW IS ALSO OF CONSIDERABLE INTEREST TO HUDAC - MORTGAGE BACKED SECURITIES. YOUR ASSOCIATION HAS DEVOTED CONSIDERABLE TIME AND ENERGY TO DEVELOPING IDEAS IN THIS AREA AND I AM SURE THAT WE WILL HAVE PRODUCTIVE DISCUSSIONS ON THE BEST WAY TO PROCEED. AGAIN MR. LALONDE AND I HAVE INSTRUCTED OUR OFFICIALS TO GET ON WITH THESE





DISCUSSIONS AND THEY WILL FORM PART OF THE CONSULTATIONS THAT WILL START LATER THIS WEEK.

IF I MIGHT RETURN TO ONE EARLIER THEME WHICH I HAVE MENTIONED AND FOR WHICH I THINK HUDAC IS TO BE APPLAUDED - THAT OF NO ADDITIONAL STIMULUS FOR HOMEOWNERSHIP AT THIS TIME. AS WE ALL KNOW THERE IS IN PLACE A HOMEOWNERSHIP STIMULATION MEASURES - THE RHOSP. I AM AWARE OF YOUR CONCERNS THAT THIS PROGRAM NEEDS TO BE BETTER UNDERSTOOD IF IT IS TO HAVE ITS OPTIMAL EFFECT. I AM ALSO AWARE THAT YOU BELIEVE MORE SHOULD BE DONE TO PUBLICIZE ITS AVAILABILITY AND TO IMPROVE UNDERSTANDING OF THE PROVISIONS.

I AGREE WITH YOU. I UNDERSTAND THAT OFFICIALS OF CMHC HAVE ALREADY DISCUSSED THIS WITH YOUR EXECUTIVE. I HAVE ASKED MY OFFICIALS TO BRING RECOMMENDATIONS TO ME AS QUICKLY AS POSSIBLE SO THAT WE MIGHT TAKE STEPS TO BETTER ACQUAINT POTENTIAL HOME BUYERS WITH THE RHOSP ADVANTAGES OPEN TO THEM.

AS I SAID EARLIER ONE OF MY CONCERNS IS TO ENSURE THAT FEDERAL HOUSING EXPENDITURES ARE TARGETTED TO THOSE MOST IN NEED. IN DIFFERENT TERMS I WANT TO ENSURE THAT THOSE EXPENDITURES FOR WHICH I AM ACCOUNTABLE HAVE THEIR INTENDED



OR DESIRED EFFECT. AS YOU KNOW CMHC HAS RECENTLY COMPLETED AN EVALUATION OF THE NON-PROFIT AND COOPERATIVE HOUSING PROGRAMS. I KNOW THAT HUDAC HAS STRONG VIEWS ON THESE PROGRAMS AND THAT IN THE COURSE OF YOUR CONFERENCE YOU WILL HAVE A SESSION ON SOCIAL HOUSING. I LOOK FORWARD TO RECEIVING YOUR VIEWS.

THE FEDERAL GOVERNMENT'S SOCIAL HOUSING PROGRAMS HAVE ACHIEVED A NUMBER OF POSITIVE RESULTS. GOOD QUALITY HOUSING HAS BEEN BUILT; THE PROGRAMS HAVE HELPED MEET THE HOUSING NEEDS OF SPECIAL GROUPS SUCH AS THE ELDERLY, THE HANDICAPPED, VICTIMS OF FAMILY VIOLENCE; AND THE PROGRAMS HAVE INCREASED THE AVAILABILITY OF ACCOMMODATION.

ON THE OTHER HAND A SUBSTANTIAL PROPORTION OF THE BENEFITS OF THE PROGRAM GO TO THOSE WHO ARE LESS IN NEED. THIS RAISES THE QUESTION OF TARGETTING AND WHETHER THESE PROGRAMS CAN BE BETTER TARGETTED TO THOSE MOST IN NEED.

RELATED TO TARGETTING ARE TWO OTHER MATTERS WHICH TROUBLE ME. THE SOCIAL HOUSING PROGRAMS ARE UNDER MORE AND MORE PRESSURE TO MEET A BROAD RANGE OF SOCIAL NEEDS -- EX-PSYCHIATRIC PATIENTS; HALFWAY HOUSES; VICTIMS OF FAMILY VIOLENCE FOR EXAMPLE. THESE NEEDS ARE IMPORTANT SO DON'T MISUNDERSTAND ME. I DON'T FOR ONE MINUTE THINK THAT THESE PROBLEMS ARE



NOT PRESSING AND IMPORTANT. WHAT I WORRY ABOUT IS THAT GIVEN THE LACK OF ABUNDANCE OF HOUSING DOLLARS THE SOCIAL HOUSING PROGRAMS ARE BECOMING MORE AND MORE USED TO RESOLVE A BROAD RANGE OF SOCIAL PROBLEMS WHICH MAY NOT BE DIRECTLY RELATED TO HOUSING AND WHICH REDUCE THE CAPABILITY OF MEETING THE HOUSING NEEDS OF FAMILIES AND THE ELDERLY, AT THE SAME TIME AS THIS QUEUE IS GETTING LONGER AND LONGER.

THE SECOND MATTER THAT HAS DISTORTED THE SOCIAL HOUSING PROGRAMS IS THAT SOME PROVINCES, AND IN PARTICULAR SOME FAIRLY WEALTHY PROVINCES, HAVE REDUCED THEIR ASSISTANCE TO SOCIAL HOUSING. THE FEDERAL GOVERNMENT HAS MAINTAINED ITS SUPPORT FOR SOCIAL HOUSING.

I WANT TO IMPROVE TARGETTING BUT I DO NOT WANT TO CREATE GHETTOS. AS YOU MAY RECALL THE NON-PROFIT AND COOPERATIVE HOUSING PROGRAMS, WHEN INTRODUCED IN 1978 HAD AS ONE OF THEIR PURPOSES THE AVOIDANCE OF "GHETTOS" WHICH HAD DEVELOPED AS A PROBLEM WITH LARGE SCALE PUBLIC HOUSING PROJECTS. THE CURRENT SOCIAL HOUSING PROGRAMS HAVE AVOIDED THE CREATION OF GHETTOS BUT WE MAY HAVE BEEN OVERGENEROUS IN THE PROPORTION OF NON INCOME TESTED HOUSEHOLDS ASSISTED.





THE QUESTION OF COURSE IS WHETHER THERE ARE WAYS OF IMPROVING TARGETTING WHILE NOT CREATING GHETTOS. A NUMBER OF SUGGESTIONS HAVE BEEN MADE AND THESE ARE BEING EXAMINED. SUGGESTIONS RANGE FROM MODIFICATIONS TO THE CURRENT PROGRAM TO SUGGESTIONS FOR A PROGRAM OF SHELTER ALLOWANCES. I HAVE NOT FIXED ON THE BEST WAY IN WHICH TO PROCEED BUT I DO HAVE SOME THOUGHTS WHICH I WOULD LIKE TO SHARE WITH YOU.

FIRST, I AM NOT TAKEN WITH ARGUMENTS THAT ADVOCATE ONE PARTICULAR SOLUTION TO OUR SOCIAL HOUSING PROBLEMS. THE SITUATION VARIES ACROSS REGIONS AND MARKETS THROUGHOUT THE COUNTRY. WE NEED TO HAVE A MIX OF PROGRAMS WHICH CAN BE APPROPRIATELY DEPLOYED AND WHICH CAN MAKE THE MOST EFFECTIVE CONTRIBUTION TO OVERCOMING SOCIAL HOUSING PROBLEMS. I THINK WE DON'T HAVE AN APPROPRIATE MIX AT PRESENT AND I AM ONE OF THOSE WHO SEE MORE POTENTIAL FOR A RENT SUPPLEMENT TYPE OF ASSISTANCE AT LEAST AS IT RELATES TO THE "TARGETTING" ISSUE.

SECOND, MY ROLE IS NOT TO CUT EXPENDITURES ON SOCIAL HOUSING. I AM INTERESTED IN MAKING THESE MORE EFFECTIVE. THE HOUSING PROBLEM FACED BY LOW INCOME HOUSEHOLDS AND BY RURAL AND NATIVE CANADIANS DEMAND THAT WE TAKE STEPS TO BETTER MEET THE NEEDS OF THESE HOUSEHOLDS. I AM NOT AN ADVOCATE OF



TREASURY BOARD. I AM THE FEDERAL HOUSING MINISTER AND I WANT TO SEE PROGRAMS WHICH DO A GOOD JOB OF ADDRESSING SOCIAL HOUSING NEEDS.

AS I SAID EARLIER THE QUEUE IS GETTING LONGER AND LONGER. AT MINIMUM IT IS NECESSARY TO ENSURE THAT SOCIAL HOUSING EXPENDITURES ARE DIRECTED TO THOSE MOST IN NEED BUT EVEN THIS WILL NOT BE SUFFICIENT TO REDRESS ALL OUR HOUSING PROBLEMS. AS MINISTER OF HOUSING I WILL CONTINUE TO PRESS FOR FUNDING AND I DO THIS IN RECOGNITION THAT THE FISCAL SITUATION WILL NOT ALLOW ME TO ACHIEVE ALL THAT I WANT TO ACHIEVE. I ACCEPT THIS BUT THE CASE IS COMPELLING AND I TELL YOU THAT I AM FULLY COMMITTED TO SOCIAL HOUSING AND ITS NEED.

AS YOU CAN SEE WE HAVE A HEAVY AGENDA. WE HAVE TAKEN STEPS WHICH WILL PROVIDE SECURITY AND CONFIDENCE FOR HOMEOWNERS. WE HAVE DONE THIS TOGETHER AND FOR OUR PART WE LOOK FORWARD TO CONTINUING TO WORK TOGETHER. I WANT TO CONCLUDE BY THANKING YOU AND YOUR EXECUTIVE FOR THEIR HELP AND GUIDANCE.

THANK YOU!





# Remarks by the Honourable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Bill McKnight

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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REMARKS BY THE  
HONOURABLE BILL MCKNIGHT  
MINISTER OF LABOUR  
AND  
RESPONSIBLE FOR CANADA MORTGAGE  
AND HOUSING CORPORATION  
AT THE  
80TH ANNUAL CONFERENCE  
OF THE  
SASKATCHEWAN URBAN MUNICIPALITIES ASSOCIATION

JANUARY 28, 1985

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



I'M HAPPY TO BE HERE TODAY TO TALK TO THE ANNUAL MEETING OF SUMA AND SAY HELLO TO SOME OLD FRIENDS, AS A CABINET MINISTER FOR SASKATCHEWAN I'M INTERESTED IN HEARING YOUR VIEWS, AND IN HELPING SASKATCHEWAN'S URBAN MUNICIPALITIES IN ANY WAY I CAN.

MY RELATIONSHIP WITH THE MUNICIPALITIES IS INDIRECT, BUT I WILL WORK CLOSELY WITH THE PROVINCIAL MINISTERS IN THE FUTURE AS I HAVE IN THE PAST TO DEAL WITH SASKATCHEWAN PROBLEMS.

I WAN TO COMMENT THIS MORNING ON BOTH SIDES OF MY RESPONSIBILITIES - THE DEPARTMENT OF LABOUR, AND CMHC.

A VARIETY OF FUNCTIONS GO WITH THE LABOUR PORTFOLIO - THE ENFORCEMENT AND UPDATING OF THE LABOUR CODE, OCCUPATIONAL HEALTH AND SAFETY, THE MEDIATION AND ARBITRATION OF LABOUR DISPUTES, AND THE RELATIONS OF THE GOVERNMENT WITH THE TRADE UNION MOVEMENT.

DIFFERENT ASPECTS OF THIS MANDATE ARE IMPORTANT AT DIFFERENT TIMES IN THE HISTORY OF THE COUNTRY.

RIGHT NOW THE ATTENTION IS FOCUSED ON OUR RELATIONSHIP WITH THE LABOUR MOVEMENT.

AS A GOVERNMENT WE WANT THAT RELATIONSHIP TO BE STEADY AND PRODUCTIVE. OBVIOUSLY THE PREVIOUS GOVERNMENT HAD THE SAME WISH AND OBVIOUSLY THE PREVIOUS GOVERNMENT WAS NOT VERY SUCCESSFUL.

IT IS CLEAR THAT THE UNION MOVEMENT AND THE PREVIOUS GOVERNMENT DID NOT REALLY UNDERSTAND EACH OTHER, AND TRUST AND RESPECT HAD COMPLETELY EVAPORATED BY THE TIME OF THE ELECTION.

IT IS NOT VERY EASY TO STAY ON GOOD TERMS WITH SOMEONE YOU DON'T ALWAYS AGREE WITH, BUT IT IS AN ESSENTIAL POLITICAL SKILL, AND FOR THAT MATTER AN ESSENTIAL BARGAINING SKILL FOR UNION AND BUSINESS LEADERS.

WHILE I HOPE THAT MY CONTRIBUTION TO LABOUR RELATIONS WILL BE SIGNIFICANT, IT IS NOT THE CHANGE OF MINISTER OF LABOUR THAT HAS INDUCED A NEW ATMOSPHERE, BUT THE CHANGE AT 24 SUSSEX DRIVE. BRIAN MULRONEY KNOWS A LARGE PROPORTION OF CANADA'S LABOUR LEADERS AND THEY KNOW HIM. HE RESPECTS THEIR INTELLIGENCE, RECOGNIZES THE LEGITIMACY OF THEIR MOTIVES, AND DOES NOT BELIEVE TEMPORARY DIFFERENCES OF DETAIL SHOULD DEFLECT EITHER SIDE FROM THE PURSUIT OF COMMON NATIONAL GOALS. THAT MUTUAL RESPECT AND KNOWLEDGE HAS GIVEN ME A FRAMEWORK WITHIN WHICH I CAN WORK.

OVER THE PAST DECADE BOTH BUSINESS AND LABOUR HAVE FELT THE PRESSURE OF OFFSHORE COMPETITION IN ALL INDUSTRIAL SECTORS. WE HAVE PASSED THE POINT IN OUR ECONOMIC DEVELOPMENT AT WHICH THE SYSTEM POURED OUT SO MUCH WEALTH THAT WE COULD AFFORD TO EXPEND ENERGY FIGHTING OVER THE DIVISION OF IT. INTERNATIONAL COMPETITION IS KEEN AND INTERNAL DIVISIONS OF ANY KIND TAKE THE EDGE OFF OUR COMPETITIVE SHARPNESS.

THE INTERESTS OF BUSINESS, LABOUR AND GOVERNMENT ARE STILL AT VARIANCE WITH EACH OTHER IN IMPORTANT WAYS, BUT WE CAN SEE MORE CLEARLY, AS PRODUCTS FROM ABROAD FLOOD ONTO OUR MARKETS, WHERE THOSE INTERESTS CONVERGE. THERE IS STILL ROOM FOR THE NORMAL GIVE AND TAKE OF COLLECTIVE BARGAINING; THERE WILL STILL BE STRIKES AND LOCKOUTS, ARBITRATION AND ALL-NIGHT NEGOTIATION SESSIONS. THERE WILL ALSO, I HOPE, BE A REALISTIC APPRECIATION OF THE ADVANTAGES OUR COMPETITORS GAIN IF WE DRAW TOO HEAVILY ON OUR HISTORY OF CONFRONTATION IN LABOUR NEGOTIATIONS.

AS MINISTER OF LABOUR MY JOB IS TO ENCOURAGE COMMUNICATION, HOWEVER DIFFICULT IT MAY BE AT HEATED MOMENTS, TO PROMOTE DISCUSSION ON THE SITUATION WHICH FACES US COMPETITIVELY, HOWEVER COMPLEX THE REASONS FOR THE SUCCESS OF OUR COMPETITORS MAY BE, AND TO GIVE EVERYONE A FAIR SHARE IN THE PRODUCTIVITY OF CANADA.



GOVERNMENTS TOO HAVE REACHED AND PASSED THE POINT AT WHICH STEADILY INCREASING EXPENDITURES WERE ASSUMED TO BE NATURAL. I THINK IT WOULD BE FAIR TO SAY THAT YOUR ORGANIZATION HAS REACHED THE SAME CONCLUSION. WE DON'T HAVE THE SPUR OF COMPETITION BUT RATHER THE PRESENCE OF GROWING DEFICITS. IN THE PUBLIC SECTOR TOO BOTH SIDES HAVE TO ADJUST TO NEW REALITIES.

I DON'T EXPECT THE JOB TO BE EASY AND I CAN'T DO IT ALONE. UNLESS THE WILL TO CONDUCT OUR INDUSTRIAL RELATIONS IN A LESS SUSPICIOUS ATMOSPHERE EXISTS AT ALL LEVELS, FROM THE SHOP FLOOR TO THE BOARD ROOMS AND UNION CENTRALS, VERY LITTLE WILL CHANGE.

I BELIEVE THE WILL EXISTS IN GOVERNMENT, IN THE LABOUR MOVEMENT, AND IN THE PRIVATE SECTOR, TO DISCUSS WAYS IN WHICH WE CAN SET ASIDE THE PERCEPTIONS AND EXPERIENCES OF THE PAST.

EVERYONE, AFTER ALL, HAS BEEN PART OF THE PROBLEM.

LABOUR RELATIONS ULTIMATELY AFFECTS ALL OF US. SO DOES HOUSING, MY OTHER RESPONSIBILITY. FOR MOST PEOPLE THE HOME IS THE LARGEST PURCHASE THEY WILL MAKE; IT IS THE MOST IMPORTANT ELEMENT IN THEIR PERSONAL FINANCIAL PLAN. HOME AND FAMILY ARE ASSOCIATED IN EVERYONE'S MIND WITH COMFORT AND SECURITY.

FOR THE FEDERAL GOVERNMENT, HOUSING POLICIES CAN BE DEVELOPED TO REACH A NUMBER OF GOALS. ALL GOVERNMENTS WANT TO SEE AS MANY PEOPLE AS POSSIBLE WELL HOUSED. IF THE MARKET IS NOT SERVING CERTAIN INCOME OR GEOGRAPHIC GROUPS, THE GOVERNMENT LOOKS FOR WAYS TO SUPPLEMENT MARKET ACTIVITY. CONSTRUCTION IS BENEFICIAL TO THE ECONOMY, AND SOMETIMES GOVERNMENTS HAVE ENCOURAGED BUILDING OF ANY SORT FOR ANY GROUP, AS LONG AS PEOPLE ARE EMPLOYED AND LOCAL AND REGIONAL ECONOMIES BOOSTED.

OBVIOUSLY THE DIFFERENT HOUSING, SOCIAL AND ECONOMIC GOALS OF OUR HOUSING POLICIES DO NOT ALWAYS COINCIDE, AND GOVERNMENT INTERVENTION CAN CAUSE MARKET DISTORTIONS AND INSTABILITY OVER THE LONG RUN.

SOMETIMES WE FIND THAT, ON BALANCE, DIRECT OR TAX EXPENDITURES HELP TOO FEW PEOPLE, OR THE WRONG PEOPLE. AS MARKET CONDITIONS CHANGE AND EXPERIENCE DEMONSTRATES THE EFFECT OF EXISTING POLICIES, WE HAVE TO REVIEW THOSE POLICIES AND VARY THEM AS REQUIRED.

SHORTLY AFTER ASSUMING RESPONSIBILITIES FOR CMHC I DECIDED TO REVIEW ALL EXISTING PROGRAMS TO SEE THAT THEY FITTED IN WITH THE GOVERNMENT'S PRIORITIES.

"PRIORITIES" IS AN IMPORTANT WORD BECAUSE WE CAN NO LONGER SERVE EVERY NEED AND RESPOND TO EVERY GROUP. AS IN MOST AREAS OF GOVERNMENT EXPENDITURE, THERE ARE CHOICES TO BE MADE. SOME HAVE ALREADY BEEN MADE. THE ECONOMIC STATEMENT LISTED REDUCTIONS IN EVERY CATEGORY OF GOVERNMENT EXPENDITURE INCLUDING HOUSING. THOSE REDUCTIONS WERE UNFORTUNATE - AND UNAVOIDABLE. BUT THE MORE WE DELAY IN ADJUSTING TO ECONOMIC REALITY, THE MORE DRASTIC THAT ADJUSTMENT WILL BE.

BEFORE MAKING FURTHER DECISIONS ON HOUSING EXPENDITURE THE GOVERNMENT WILL CONSULT WITH THE PEOPLE OF CANADA, DIRECTLY, AND THROUGH PROVINCIAL AND NATIONAL ORGANIZATIONS.

I HAVE ALREADY HAD A PRELIMINARY MEETING WITH PROVINCIAL MINISTERS, AND AM NOW VISITING EACH PROVINCE TO DISCUSS POLICY OPTIONS IN MORE DETAIL.



AT THE SAME TIME I HAVE BEGUN CONSULTATIONS WITH EVERY MAJOR GROUP CONCERNED WITH HOUSING POLICY AND DELIVERY IN FACT, TOGETHER WITH MY PARLIAMENTARY SECRETARY, MR. JOE PRICE, I HOPE TO MEET WITH OR RECEIVE SUBMISSIONS FROM JUST ABOUT EVERYONE WITH A DIRECT INTEREST IN THE DISCUSSION PAPER TABLED IN THE HOUSE (SEVERAL DAYS AGO). OUR CONCLUSIONS AT THE END OF THE PROCESS WILL, I HOPE, MAKE AN IMPORTANT CONTRIBUTION TO THE NEXT FEDERAL BUDGET, AND TO THE LONGER-TERM EVOLUTION OF HOUSING PROGRAMS.

TO GIVE YOU AN IDEA OF THE NATURE OF THE DEBATE ON HOUSING POLICY, I WANT TO POSE THREE QUESTIONS AND GIVE YOU MY ANSWER. FIRST, WHO IS UNHAPPY WITH OUR PRESENT HOUSING POLICIES? SECOND, WHAT SHOULD THE GOVERNMENT'S PRIORITIES BE IN REVIEWING HOUSING POLICY? THIRD, WHAT KINDS OF POLICIES IS THE GOVERNMENT NOT WILLING TO CONSIDER? TO PUT THESE QUESTIONS IN ANOTHER WAY, I AM GOING TO GIVE YOU MY VIEW ON WHAT THE BOUNDARIES OF THE HOUSING DEBATE ARE.

WHO IS UNHAPPY WITH PRESENT POLICY? THE ANSWER IS NOT, FORTUNATELY, ALMOST EVERYONE. WE HAVE A HIGH QUALITY HOUSING STOCK IN CANADA AND MOST OF IT IS RELATIVELY NEW. THE PROBLEM IS AFFORDABILITY. NEW CONSTRUCTION IS COSTLY AND THE RENTS WHICH WOULD HAVE TO BE CHARGED TO PAY FOR IT ARE BEYOND THE MEANS OF MANY LOW INCOME FAMILIES.

THIS IS THE POINT OF OUR SOCIAL HOUSING SUBSIDY POLICY, BUT IN THE VIEW OF ALMOST EVERYONE, THERE ARE NEVER ENOUGH UNITS TO GO AROUND.

CMHC IS NOT TOTALLY SATISFIED WITH THE PRESENT POLICY MIX BECAUSE A RECENT STUDY SUGGESTED THAT SOME OF THE MONEY PUT INTO SOCIAL HOUSING AIDS PEOPLE WHO ARE NOT IN THE CATEGORY OF HIGHEST NEED. THE CRITICISM IS PARTICULARLY DIRECTED TO CO-OP PROGRAM WHICH INTENTIONALLY MIXES INCOME GROUPS TO AVOID THE CREATION OF LOW INCOME GHETTO. THIS MIXING IS BOTH DESIRABLE AND EXPENSIVE.

PARTLY AS A RESULT OF THE CMHC SOCIAL HOUSING STUDY THE ALLOCATION OF UNITS TO THE CO-OP WAS CUT BY 40% FROM 1983 TO 1984, A MOVE WHICH MADE THE CO-OP MOVEMENT BOTH ANGRY AND APPREHENSIVE. THE CO-OPS DISPUTE THE FIGURES IN THE CMHC STUDY.

THE THIRD UNHAPPY GROUP IS THE CONSTRUCTION INDUSTRY ITSELF. BECAUSE OF THE RECESSION, HOUSING CONSTRUCTION HAS FALLEN OFF SUBSTANTIALLY OVER THE PAST 3 YEARS. AS WELL THERE ARE SOME INDICATIONS THAT THE BUILDING LEVEL OF THE PAST GENERATION CANNOT BE SUSTAINED INDEFINITELY, AND MANY COMPANIES WILL HAVE TO SHIFT THEIR EMPHASIS, PERHAPS TO RENOVATION WORK.

TO THESE UNCERTAINTIES HAS BEEN ADDED GOVERNMENT STIMULATION PROGRAM, ALTERNATELY GIVEN AND TAKEN AWAY. CONSTRUCTION, WITH ITS HIGH FRONT-END COSTS, AND DEMAND PREDICTION DIFFICULTIES, IS NOT A BUSINESS WHICH CAN CHANGE DIRECTION QUICKLY.

THERE IS ALSO GOOD REASON TO SUSPECT THAT DEMAND IS NOT VERY ELASTIC, AND THAT THE HOUSES YOU BUILD TODAY MUST BE SUBTRACTED FROM THOSE YOU HOPED TO BUILD TOMORROW. THE CONCERN AND GOAL OF THE INDUSTRY IS, IN A WORD, STABILITY.

FOR THE PURPOSES OF TODAY'S REMARKS I WILL ONLY ADD ONE OTHER DISCONTENTED GROUP, AND THAT IS THE PROVINCES. OVER THE PAST SEVERAL YEARS THE TWO LEVELS OF GOVERNMENT HAD COMMON OBJECTIVES AND SIMILAR OR JOINT PROGRAMS - AND HARDLY SPOKE TO EACH OTHER. EVERYONE IS NOW DETERMINED TO SEE IF COOPERATION CAN END WASTE, DUPLICATION AND UNPRODUCTIVE COMPETITION TO GIVE US A MORE COST-EFFECTIVE OVERALL HOUSING POLICY.

WHAT ARE OUR PRIORITIES? THEY FLOW CLEARLY FROM THE DEFINITION OF THE PROBLEM. I WANT TO SEE GOVERNMENT RESOURCES DIRECTED TO INCOME GROUP MOST NEEDING ASSISTANCE. I WANT TO ARRIVE AT A MIX OF POLICIES WHICH CAN BE LEFT IN PLACE LONG ENOUGH TO GIVE THE INDUSTRY A STABLE ENVIRONMENT TO WORK WITHIN, AND I WANT TO FIND WAYS OF GETTING THE PRIVATE DEVELOPERS INTERESTED IN THE KIND OF MODEST HOUSING WE NEED TO SEE BUILT, AND WHICH IS NOW COMPLETELY UNPROFITABLE.

FINALLY, I WANT TO GET THE HIGHEST LEVEL OF COOPERATION I CAN ACHIEVE BETWEEN CLIENTS, BUILDERS, HOUSING INTEREST GROUPS, THE PROVINCES AND THE FEDERAL GOVERNMENT. THOSE OF YOU WHO KNOW ME WON'T TAKE ME FOR A DEWY-EYED DREAMER ON THIS, BUT WE CAN DO BETTER THAN WE HAVE.

THE FINAL QUESTION I SAID I WANTED TO ANSWER WAS WHAT POLICIES ARE WE NOT WILLING TO CONSIDER. THERE HAS BEEN SOME INTERESTING, AND SOME DOWNRIGHT PUZZLING PRESS COMMENTARY RECENTLY, AND I WANT TO MARK OUT THE BOUNDARIES FOR THE CONSULTATION AND POLICY REVIEW PROCESS.

A FEW WEEKS AGO A REPORTER, ON WHAT IS USUALLY CALLED A SLOW NEWS DAY, SPECULATED THAT BECAUSE I WAS REVIEWING ALL CMHC POLICY I MIGHT EVEN GO SO FAR AS TO ELIMINATE CMHC ITSELF. SINCE THEN OTHER PRESS STORIES HAVE INCLUDED THE PHRASE THAT "SOME EVEN SAY CMHC ITSELF MAY BE WOUND UP".

THERE IS ABSOLUTELY NO POSSIBILITY THAT CMHC WILL BE CLOSED DOWN. LEGITIMATE QUESTIONS ARISE ABOUT ITS FOCUS, BUT I CAN'T IMAGINE HOW THE FEDERAL GOVERNMENT WOULD PERFORM THE MORTGAGE INSURANCE FUNCTION, TRACK HOUSING NEED, OR ADJUST HOUSING PROGRAMS WITHOUT CMHC. IT IS A MAJOR DELIVERY AGENCY OF THE FEDERAL GOVERNMENT AND ALWAYS WILL BE.

SOME ATTEMPTS TO INFLUENCE THE HOUSING AGENDA COME FROM A PERSPECTIVE, WHICH, IF FULLY UNDERSTOOD, WOULD NOT FIND FAVOUR WITH MANY CANADIANS.

RECENTLY AN ARTICLE APPEARED IN THE GLOBE AND MAIL HEADLINED "REPORT FINDS HOUSING POLICIES FAVOUR WELL-TO-DO". THE REPORT WAS PREPARED BY A PROFESSOR AT UBC WHO FOUND THAT PEOPLE IN THE LOWER INCOME GROUP WERE FINDING IT MORE DIFFICULT TO OWN A HOME. THAT IS A FACT, AND ONE EVERYONE HERE IS ALL TOO FAMILIAR WITH.

THE STUDY ALSO ARRIVED AT THE CONCLUSION THAT WHILE CMHC CONTRIBUTED \$1.6 BILLION A YEAR TO DIRECT SOCIAL HOUSING SUBSIDIES, IT CONTRIBUTED \$5 BILLION A YEAR TO SUBSIDIES THROUGH THE TAX SYSTEM, MOSTLY TO THE WELL-TO-DO. ABOUT THREE COLUMNS BEYOND THE POINT WHERE MOST PEOPLE STOP READING NEWSPAPER ARTICLES, IT WAS REVEALED THAT MOST OF THE \$5 BILLION SUBSIDY WAS CALCULATED BY CONSIDERING THE NON-TAXATION OF IMPUTED RENT, AND THE NON-TAXATION OF CAPITAL GAINS ON THE SALE OF PERSONAL RESIDENCES, TO BE A SUBSIDY BY THE GOVERNMENT.

THAT'S RATHER LIKE ME CLAIMING THAT I'M SUBSIDIZING THIS MEETING BECAUSE I DIDN'T CHARGE EACH OF YOU \$20 TO GET IN.

THESE TWO POLICIES ARE SO BIZARRE THAT SOME OF YOU MAY NOT BE FAMILIAR WITH THEM. IMPUTED RENT MEANS THE DIFFERENCE BETWEEN WHAT YOU PAY ON THE HOUSE YOU OWN, AND WHAT IT WOULD COST YOU ON THE RENTAL MARKET.

IT MAY SEEM UNNECESSARY TO SPEND ANY TIME ON THESE PROPOSALS, BUT THEY KEEP BOUNCING UP, AND SOME PEOPLE TAKE THEM SERIOUSLY.



AS A SOCIETY, WE BELIEVE IN AND ENCOURAGE HOME OWNERSHIP. WE ALSO BELIEVE THERE ARE THINGS IT IS LEGITIMATE TO TAX - SUCH AS INCOME, AND CERTAIN TYPES OF PURCHASES. I WILL COME TO MY REASONS FOR REJECTING A TAX ON SALE OF A PERSONAL RESIDENCE IN A MOMENT, BUT AT LEAST THAT KIND OF TAX IS A TAX AS WE TRADITIONALLY RECOGNIZE IT - A TAX ON INCOME.

A TAX ON IMPUTED RENT WOULD BE A NEW CATEGORY OF TAX, AND ONE WHICH WOULD ATTACK OUR FUNDAMENTAL ASSUMPTIONS OF FAIRNESS. THERE WOULD BE A TAX ON MONEY YOU DIDN'T SPEND, BECAUSE YOU THOUGHT IT WAS WORTH SPENDING A LOT ON A MORTGAGE NOW SO THAT THE PRESSURE WOULD BE OFF LATER. BUYING A HOUSE WOULD NOT BE AN INVESTMENT IN YOUR FUTURE: IT WOULD NOT ENABLE YOU TO LIVE COMFORTABLY ON YOUR PENSION AFTER THE HOUSE WAS PAID OFF.

THERE WOULD BE NO ADVANTAGE TO OWNING A HOME, YOU DON'T HAVE TO THINK TOO HARD TO SEE WHAT KIND OF PHILOSOPHICAL PERSPECTIVE WOULD THINK THAT WAS A GOOD IDEA.

OF COURSE ONCE THE POTENTIAL WAS ESTABLISHED, A WHOLE NEW FIELD OF TAXATION WOULD OPEN UP. WE COULD TAX IMPUTED TAXI FARES FOR PEOPLE WITH CARS, OR IMPUTED GROCERY BILLS FOR PEOPLE WITH GARDENS. PERHAPS WE COULD ENCOURAGE MARRIAGE BY TAXING BACHELORS FOR IMPUTED FAMILIES.

ITS NOT HARD TO MAKE THE IDEA SILLY BECAUSE IT IS SILLY, AND COUNTING THE NON-TAXATION OF IMPUTED RENT IN THE CALCULATION OF HOUSING BENEFITS IS A DISTORTION WE SHOULD NOT PERMIT.

CAPITAL GAINS FROM THE SALE OF A PERSONAL RESIDENCE WOULD NOT BE A RADICAL DEPARTURE IN THE NATURE OF TAXATION, BUT IT WOULD BE DISASTROUS. THE INCREASE IN THE VALUE OF A HOUSE OVER TIME IS LARGELY INFLATIONARY. HOMEOWNERS ARE ABLE TO BUY A LARGE HOUSE ONLY BY RE-INVESTING THE MONEY, FROM ONE RESIDENCE IN ANOTHER. THERE IS AN INCENTIVE TO MAINTAIN AND IMPROVE THE VALUE OF PROPERTY. BECAUSE THE EXPENDITURES ARE PERSONAL, FINANCING, MAINTENANCE AND IMPROVEMENT COSTS ARE NON TAX-DEDUCTABLE.

HOMES FREQUENTLY ARE SOLD AS FAMILIES LEAVE, AND PEOPLE ACQUIRE SMALLER HOMES. THE SAVINGS HELP FINANCE RETIREMENT.

IF WE PERMITTED A TAX HERE, AS SOME ADVOCATE, WE WOULD DISCOURAGE MOBILITY BETWEEN HOUSES, DISCOURAGE THE UPGRADING OF ACCOMMODATION, AND AS WITH IMPUTED RENT, CUT INTO THE HOME OWNERS RETIREMENT SECURITY.

NOT ONLY WOULD THE TAX BE UNFAIR AND COUNTER TO OUR STRONGLY HELD BELIEF IN THE VALUE OF HOME OWNERSHIP, IT WOULD BE AN ADMINISTRATIVE TANGLE OF HORRIBLE PROPORTIONS.

WITH A FEW EXCEPTIONS SUCH AS THESE, WE ARE WILLING TO CONSIDER ANY POINT OF VIEW WHICH ALLOWS US TO TARGET FEDERAL RESOURCES, ACHIEVE STABILITY IN THE MARKET, AND PROMOTE THE CONSTRUCTION OF NECESSARY HOUSING BY THE PRIVATE SECTOR.

AT A TIME OF SHRINKING RESOURCES, WE CAN'T DO EVERYTHING. IT IS ESTIMATED THAT HALF OF MILLION HOUSEHOLDS IN CANADA CAN'T AFFORD ADEQUATE HOUSING. IT IS ALSO A FACT THAT IN THE PAST TEN YEARS THE FEDERAL GOVERNMENT HAS SPENT FOUR TO FIVE BILLION DOLLARS TO SUPPORT RENTAL CONSTRUCTION - WITHOUT MUCH EFFECT ON VACANCY RATES.

IN 1985-86 THE FEDERAL GOVERNMENT WILL SPEND ONE AND A HALF BILLION DOLLARS ON HOUSING; 90% OF THAT WILL BE SPENT TO FULFILL COMMITMENTS MADE IN PREVIOUS YEARS THAT MEANS ONLY 10% OF OUR BUDGET CAN BE DIRECTED TOWARDS NEW AND CHANGING SITUATIONS.



WE HAVE SET UP A CONSULTATION PROCESS TO SEE WHERE OUR RESOURCES SHOULD GO, AND TO CANVASS FOR NEW IDEAS. I DON'T THINK WE WILL FIND THAT THE ANSWER LIES IN ABANDONING THE COMMITMENT WE HAVE MADE TO THOSE IN NEED, OR IN INVENTING NEW TAX LIABILITIES.

THE GUARANTEE FUNCTION OF CMHC REMAINS THE CORNERSTONE OF FEDERAL HOUSING POLICY. WE REMAIN COMMITTED TO THE CONSTRUCTION OF LOW COST RENTAL UNITS BY WHATEVER MEANS WE CAN DEVISE. I REGARD THE CO-OP MOVEMENT AS PART OF THE SOLUTION, NOT PART OF THE PROBLEM.

WE DON'T HAVE ALL OF THE ANSWERS. I'M REASONABLY CONFIDENT WE HAVE MOST OF THE QUESTIONS. THAT, I HOPE, WILL MAKE FOR PRODUCTIVE CONSULTATIONS WITH CANADIANS.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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CANADIAN HOME BUILDERS' ASSOCIATION

NATIONAL CONFERENCE

OTTAWA

11 FEBRUARY 1985



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



THE ANNUAL CONFERENCE OF THE CANADIAN HOME BUILDERS' ASSOCIATION IS ONE OF THE MOST IMPORTANT EVENTS OF THE YEAR FOR ANYONE WHO IS INVOLVED WITH HOUSING IN CANADA, AND I APPRECIATE THE OPPORTUNITY YOU HAVE GIVEN ME TO TAKE PART IN YOUR DELIBERATIONS.

CHBA HAS HAD A LONG AND CO-OPERATIVE RELATIONSHIP WITH CMHC, AND HAS RECENTLY RELEASED ANOTHER IN ITS SERIES OF HELPFUL HOUSING POLICY STUDIES. AS YOU KNOW I HAVE RELEASED A HOUSING DISCUSSION PAPER TO ENCOURAGE ALL CANADIANS INTERESTED IN HOUSING POLICY TO GIVE US THEIR CONSIDERED AND DETAILED VIEWS ON THE OPTIONS AVAILABLE TO US.

WE FIND OURSELVES AT ONE OF THOSE CROSSROADS OF DECISION, WHERE IT IS USEFUL AND EVEN NECESSARY TO REVIEW A WIDE RANGE OF OPTIONS BEFORE MAKING CHOICES WE WILL HAVE TO STAY WITH FOR SOME TIME. THE CONSULTATION PROCESS IS INTENDED TO ENSURE THAT THOSE CHOICES ARE BASED ON THE WIDEST POSSIBLE CONSENSUS.

HOWEVER, THE PROCESS BEGAN BEFORE THE RELEASE OF THE PAPER.

I MET IN OTTAWA, EARLY IN DECEMBER, WITH THE PROVINCIAL AND TERRITORIAL HOUSING MINISTERS AND I WAS VERY PLEASED WITH THE FRIENDLY AND CO-OPERATIVE SPIRIT THAT PREVAILED. WE CAME TO AN AGREEMENT VERY QUICKLY ABOUT THE MAJOR ISSUES TO BE ADDRESSED AND WE INTEND TO WORK CLOSELY TOGETHER TOWARDS SOLVING THEM.

WE ARE GOING TO LOOK AT ALL OF OUR HOUSING PROGRAMS TO MAKE SURE THAT THEY ARE TARGETTED TO THE PEOPLE WHO NEED THEM MOST. WE ARE GOING TO SEE THAT OUR PROGRAMS ARE DELIVERED EFFICIENTLY, WITHOUT WASTE OR OVERLAPPING OF EFFORT.

WE WILL BE LOOKING AT THE NEEDS OF THE RENTAL MARKET, AND WE WILL BE EVOLVING POLICIES WHICH WILL LEND STABILITY TO THE HOUSING INDUSTRY.



OUR DEPUTY MINISTERS AND OTHER SENIOR OFFICIALS HAVE MET AND HAVE BEGUN PURSUING ALL OF THESE QUESTIONS IN MORE DETAIL. DURING THE OFFICIALS' MEETING IN EDMONTON, YOUR PRESIDENT-ELECT, ALBERT DEFEHR, PRESENTED A VERY COMPREHENSIVE AND USEFUL PAPER ON HOUSING ISSUES. I AM SURE THAT CHBA WILL CONTINUE TO BE INVOLVED IN OUR NATIONAL CONSULTATIONS, ALONG WITH ALL OF THE OTHER INDUSTRY ASSOCIATIONS WHO HAVE A SPECIAL INTEREST IN HOUSING.

I THINK IT IS QUITE CLEAR ALREADY THAT NEITHER HOUSING PROBLEMS, NOR ANY OTHER ISSUE THAT WE ARE FACING, CAN BE SOLVED JUST BY TURNING UP THE FLOW OF GOVERNMENT EXPENDITURE. MR. WILSON, IN HIS RECENT ECONOMIC STATEMENT, HAS MADE THAT CLEAR, ONE OF THE FIRST THINGS THE FEDERAL GOVERNMENT MUST DO TO ACHIEVE ECONOMIC RENEWAL IS TO GET ITS OWN FISCAL HOUSE IN ORDER.

THAT MEANS WE HAVE TO TAKE A HARD LOOK AT ALL OF THE MONEY WE SPEND ON PROGRAM SUBSIDIES AND THE COST OF RUNNING PROGRAMS. WHERE WE CAN REDUCE THESE EXPENDITURES WITHOUT COMPROMISING OUR COMMITMENT TO ESSENTIAL SOCIAL SERVICES, WE WILL HAVE TO DO SO.

WE WILL HAVE TO FIND WAYS OF REDIRECTING OUR CURRENT EXPENDITURES TO MAKE THEM GO FARTHER AND PRODUCE MORE RESULTS. FUNDS FOR NEW INITIATIVES WILL HAVE TO BE FOUND BY IMPROVING THE EFFICIENCY OF EXISTING PROGRAMS. IF NEW FUNDING IS REQUIRED, NEW SOURCES WILL HAVE TO BE CONSIDERED.

ALL OF THAT IS GOING TO TAKE SOME INGENUITY AND IMAGINATION. INEVITABLY IT IS ALSO GOING TO INVOLVE SOME HARD CHOICES.

THE CHBA HAS SPECIFIC IDEAS ABOUT SOME OF THE MAJOR ISSUES FACING US.

YOU HAVE SPOKEN ABOUT THE NEED TO ENSURE THAT THE NON-PROFIT AND CO-OPERATIVE HOUSING PROGRAMS SHOULD BE PRECISELY TARGETTED TO PEOPLE IN NEED.

WE AGREE ON THAT, ALTHOUGH WE HAVE TO RECOGNIZE THERE ARE DISPUTES OVER SOME KEY STATISTICS. WE SHOULD REMEMBER, TOO, THAT THESE TWO PROGRAMS WERE INTRODUCED TO HELP GET RID OF THE STIGMA THAT WAS ATTACHED TO THE LARGE AND CONSPICUOUS OLD-STYLE PUBLIC HOUSING PROJECTS.

PEOPLE WHO LIVED IN THIS HOUSING TENDED TO BE ISOLATED AND ALIENATED FROM THE REST OF THE COMMUNITY. - SOME PEOPLE CALLED THESE PROJECTS "GHETTOS". THE NEW PROGRAMS WERE TO HELP CREATE A BETTER SOCIAL AND ECONOMIC MIX - AND, TO A LARGE EXTENT, THEY HAVE DONE THAT. THE TROUBLE IS, HOWEVER, IT HAS TURNED OUT TO BE A VERY EXPENSIVE AND PERHAPS UNFAIR SOLUTION.

WE ARE LOOKING AT WAYS IN WHICH THESE PROGRAMS COULD BE BETTER TARGETTED TO SERVE THE PEOPLE THEY WERE INTENDED TO HELP, AT SUBSTANTIALLY LESS COST, AND WE HAVE HAD SOME GOOD SUGGESTIONS FROM THE PEOPLE INVOLVED.

AT THE SAME TIME WE ARE LOOKING FOR OTHER WAYS OF DELIVERING SOCIAL ASSISTANCE WITH HOUSING - AND WE ARE INVITING EVERYONE TAKING PART IN THE CONSULTATIONS TO DO THE SAME THING.

MANY HAVE EXPRESSED THE VIEW THAT A SHELTER ALLOWANCE IS THE MOST ATTRACTIVE ALTERNATIVE, OR SUPPLEMENT, TO OUR CURRENT MIX OF PROGRAMS. I HAVE NOT REJECTED THE IDEA, BUT I AM HESITANT TO RECOMMEND THAT THE GOVERNMENT COMMIT ITSELF TO ANOTHER SOCIAL PAYMENT WHICH COULD QUICKLY BE RE-DEFINED AND EXPANDED TO THE POINT WHERE IT IS THE PROBLEM RATHER THAN THE SOLUTION.

EVERY EXPENDITURE PROGRAM STARTS OUT AT A REASONABLE LEVEL. PRESSURE THEN MOUNTS TO WIDEN ELIGIBILITY AND INCREASE THE GENEROSITY OF BENEFITS. SO, WHILE I TELL YOU I AM PREPARED TO CONSIDER SHELTER ALLOWANCES, I HAVE IN THE BACK OF MY MIND THE EXAMPLE OF UIC PAYMENTS, WHICH IN SIZE AND PURPOSE BEAR NO RELATION TO THE ORIGINAL, AND AFFORDABLE, UNEMPLOYMENT INSURANCE PLAN.

SHELTER ALLOWANCES HAVE BEEN WIDELY DISCUSSED FOR A LONG TIME AS AN ALTERNATIVE SOLUTION. THEY HAVE SOME CLEAR ADVANTAGES IN THAT THE ASSISTANCE IS DIRECTED TO PEOPLE, NOT TO BUILDINGS, AND PEOPLE WOULD HAVE MORE FREEDOM TO FIND A PLACE TO LIVE THAT SUITED THEIR NEEDS AND PREFERENCES. HOWEVER, IT IS DISCOURAGING TO SEE ADVOCATES OF THE SHELTER ALLOWANCE SAY THAT THEY MUST BE ADDED TO OUR PRESENT EXPENDITURES. IF WE HAVE CONCLUDED THAT WE CAN NO LONGER SOLVE OUR PROBLEMS BY THROWING MONEY AT THEM, THIS IS A CURIOUS PLACE TO START.

WE ARE NOT LOOKING FOR THE ONE IDEAL SOCIAL HOUSING PROGRAM. I AM QUITE AMENABLE TO THE IDEA THAT WE MAY HAVE TO HAVE A MIX OF PROGRAMS THAT CAN BE USED SELECTIVELY TO RESPOND TO DIFFERENT KINDS OF NEEDS AND PRIORITIES AMONG DIFFERENT PEOPLE IN DIFFERENT PARTS OF THE COUNTRY. HOWEVER, THERE ARE LIMITS TO OUR RESOURCES AND WE HAVE TO DEVELOP SOME SOLUTIONS WHICH OPERATE INDEPENDENTLY OF GOVERNMENT PAY-OUTS.

ANOTHER ISSUE WHICH I KNOW IS VERY MUCH ON EVERYONE'S MIND IS THE STATE OF OUR RENTAL MARKETS. IN MANY PARTS OF THE COUNTRY THE VACANCY RATE IS LESS THAN ONE PER CENT, MEANING THAT ONLY ONE UNIT IN MORE THAN 100 IS AVAILABLE FOR RENT. IN SPITE OF THOSE SHORTAGES, BUILDING HOUSING FOR RENTAL IS JUST NOT A GOOD BUSINESS PROPOSITION THESE DAYS - UNLESS YOU CAN GET SOME GOVERNMENT FUNDING (AND PERHAPS NOT EVEN THEN).



JUST ABOUT ALL OF THE RENTAL ACCOMMODATION THAT HAS BEEN BUILT IN THE LAST FEW YEARS HAS INVOLVED GOVERNMENT MONEY OF SOME KIND - A SUBSIDY, AN INTEREST-FREE LOAN, OR A TAX CONCESSION. I KNOW THAT IN THE LAST 10 YEARS OR SO THE FEDERAL GOVERNMENT ALONE HAS DEVOTED MORE THAN FOUR BILLION DOLLARS TO SUPPORT RENTAL CONSTRUCTION. AND STILL THE VACANCY RATES IN MANY MARKETS ARE UNDER ONE PER CENT.

I DON'T THINK THAT YOU, AS BUSINESS PEOPLE, WOULD FAVOR THAT KIND OF INVESTMENT FOR VERY LONG.

WHAT'S THE REASON FOR THIS FOUL-UP IN THE RENTAL MARKET? PEOPLE GIVE MANY REASONS. RENT CONTROLS ARE PINPOINTED BY MANY - INCLUDING THE CHBA. THE ON-AGAIN, OFF-AGAIN MURB TAX CONCESSIONS DIDN'T HELP MUCH. SOME OF YOU, I KNOW, BLAME SHORT-TERM SUBSIDY PROGRAMS OR UNREASONABLE MUNICIPAL PLANNING REQUIREMENTS.

I EXPECT ALL OF THESE FACTORS HAVE HAD SOMETHING TO DO WITH THE PROBLEM. PROBABLY ALL LEVELS OF GOVERNMENT - FEDERAL, PROVINCIAL AND MUNICIPAL - HAVE HAD A HAND IN CREATING THESE ROADBLOCKS. THE IMPORTANT THING NOW IS TO GET TOGETHER AND AGREE ON HOW WE CAN ROLL THEM OUT OF THE WAY.

I KNOW THAT ANOTHER OF YOUR CONCERNS IS THE NEED TO CREATE SOME STABILITY IN THE HOUSING INDUSTRY - TO BREAK THE CYCLE OF BOOM AND BUST. HOUSING IS VERY SENSITIVE TO THE COST OF MONEY AND THE HIGH AND VOLATILE INTEREST RATES WE HAVE EXPERIENCED RECENTLY HAVE HAD A DEVASTATING EFFECT ON THE INDUSTRY. THE USUAL RESPONSE OF GOVERNMENTS HAS BEEN TO SUBSIDIZE DEMAND TO CREATE A SHORT-TERM STIMULUS.

THAT KIND OF ASSISTANCE BRINGS SOME IMMEDIATE RELIEF BUT, IN THE LONG-RUN, IT MAY PRODUCE SERIOUS DISTORTIONS. PEOPLE BUY HOUSES TO GET IN ON THE SUBSIDIES, BUT THESE SHORT-TERM PROGRAMS MAY JUST SPEED UP THE BUYING DECISION. WHEN THE SUBSIDIES ARE CUT OFF, SALES DROP, AND BUILDERS ARE LEFT WITH UNSOLD INVENTORY AND IDLE CAPACITY.

I KNOW WE CAN COME UP WITH BETTER, LESS EXPENSIVE, WAYS OF ACHIEVING MORE STABILITY IN THE INDUSTRY. WE MUST HELP BOTH BUILDERS AND BUYERS TO LOOK A YEAR OR TWO AHEAD KNOWING THAT THEIR PLANS WILL NOT BE DISRUPTED BY ARTIFICIALLY CREATED DIPS AND SWINGS IN THE MARKET.

A STABLE HOUSING INDUSTRY IS ESSENTIAL TO THE SOCIAL AND ECONOMIC WELL BEING OF THE COUNTRY. IF WE ARE GOING TO PROVIDE CANADIANS WITH GOOD HOUSING, OF THE KIND THEY WANT, WHERE THEY WANT IT, AND AT A PRICE THEY CAN AFFORD, WE ARE GOING TO HAVE TO RELY OVERWHELMINGLY ON PRIVATE BUILDERS IN A COMPETITIVE MARKET.

AT THE SAME TIME, GOVERNMENT ALSO HAS AN IMPORTANT PART TO PLAY IN ATTAINING OUR GOALS.

HOUSING IS NOT JUST AN ECONOMIC COMMODITY, TO BE BOUGHT AND SOLD. LIKE FOOD AND DRINK, IT IS ESSENTIAL TO SURVIVAL. THE QUALITY OF OUR HOUSING IS A MAJOR FACTOR IN DETERMINING WHETHER OUR LIVES ARE PLEASANT OR MISERABLE. BAD HOUSING IS A CONTRIBUTING FACTOR TO RETARDED PHYSICAL AND SOCIAL DEVELOPMENT, POVERTY, IGNORANCE, SICKNESS AND EARLY DEATH.

I AM A STRONG BELIEVER IN THE PRIVATE-ENTERPRISE SYSTEM BUT, AT THE SAME TIME I REALIZE THAT, NO MATTER HOW WELL THE SYSTEM MAY WORK, THERE WILL ALWAYS BE PEOPLE LEFT OUT - THE POOR, THE OLD, THE HANDICAPPED AND DEPRIVED, WHO CANNOT AFFORD THE GOING MARKET RATE FOR ACCEPTABLE HOUSING.

IN PARTNERSHIP WITH PROVINCIAL AND MUNICIPAL GOVERNMENTS, THE FEDERAL GOVERNMENT MUST RETAIN ITS CONCERN FOR SUCH INDIVIDUALS AND FAMILIES.

I HAVE SAID THAT HOUSING IS NOT ONLY AN ECONOMIC COMMODITY. IT IS NEVERTHELESS A CRITICAL FACTOR IN OUR NATIONAL ECONOMY.

IT IS A PRODUCER OF JOBS, NOT JUST IN THE BUILDING TRADES OR IN THE MANUFACTURE OF BUILDING MATERIALS AND COMPONENTS, BUT IN ALL OF THE AUXILIARY BUSINESSES AND SERVICES INVOLVED WITH SETTING UP A NEW HOUSEHOLD.

THE FEDERAL GOVERNMENT, WHICH IS CHARGED UNDER THE CONSTITUTION WITH THE MANAGEMENT OF THE NATIONAL ECONOMY, HAS A STRONG INTEREST IN THE STIMULUS THAT A HEALTHY HOUSING INDUSTRY CAN PROVIDE. THE GOVERNMENT IS ALSO LARGELY RESPONSIBLE FOR CREATING THE ECONOMIC ENVIRONMENT IN WHICH THE INDUSTRY CAN THRIVE - BY STIMULATING AN ADEQUATE SUPPLY OF INVESTMENT CAPITAL, BY SPONSORING RESEARCH AND DEVELOPMENT, OR BY ENCOURAGING INNOVATION IN MORTGAGE INSTRUMENTS.



I THINK IT SHOULD BE QUITE CLEAR BY NOW THAT ALL OF THE INSTITUTIONS INVOLVED IN HOUSING IN CANADA - PUBLIC AND PRIVATE - ARE INTERDEPENDENT AND THAT NOTHING OF CONSEQUENCE WILL BE ACHIEVED EXCEPT AS WE MOVE FORWARD TOGETHER ON AN AGREED COURSE TOWARDS A COMMON GOAL.

I HAVE BEEN VERY ENCOURAGED BY THE RESPONSIBLE WAY IN WHICH THE CANADIAN HOME BUILDERS' ASSOCIATION HAS CHOSEN TO PLAY ITS PART IN RECENT YEARS. YOU HAVE DEMONSTRATED A COMMITMENT TO PUBLIC POLICY THAT GOES FAR BEYOND YOUR UNDERSTANDABLE CONCERN FOR SUSTAINING A PROFITABLE BUSINESS. I THANK YOU FOR YOUR SUPPORT AND I INVITE YOU, AT THIS CRITICAL MOMENT, TO CONTINUE TO MAKE INFORMED CONTRIBUTIONS TO THE CONTINUING DEBATE ON CANADA'S HOUSING POLICIES.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
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CO-OPERATIVE HOUSING FOUNDATION OF CANADA

ANNUAL MEETING

CALGARY

24 MAY 1985



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



I'M PLEASED TO HAVE THE OPPORTUNITY TO SPEAK THIS AFTERNOON ABOUT TWO INTERRELATED TOPICS - THE CO-OP HOUSING PROGRAM, AND LAST NIGHT'S BUDGET.

THE TOPICS ARE INTERRELATED BECAUSE NO PROGRAM CAN BE CREATED OR CONTINUED UNLESS THE MONEY IS THERE TO PAY FOR IT, AND BECAUSE WE ARE COMPELLED BY THE GOVERNMENT'S FINANCIAL SITUATION TO MAKE SURE RESOURCES ARE TARGETTED TO THE AREAS OF GREATEST NEED.

I WILL RETURN TO THE COOPERATIVE PROGRAM IN A MOMENT, BUT FIRST I WANT TO TALK A BIT ABOUT THE CONTEXT IN WHICH ALL PROGRAMS MUST NOW BE EVALUATED.

LAST NIGHT'S BUDGET DID THE THINGS MOST CANADIANS FELT IT HAD TO DO.

IT STOPPED THE GROWTH AND BEGAN THE SHRINKAGE OF OUR INCREASINGLY DANGEROUS ANNUAL DEFICIT.

IT GAVE CANADIANS A REAL, BUT NOT UNLIMITED, INCENTIVE TO INVEST BY PROVIDING A LIFE-TIME CAPITAL GAINS EXEMPTION.

IT ENCOURAGED NEW, TECHNOLOGICALLY-ORIENTED COMPANIES BY PROVIDING AN IMMEDIATE REFUND ON THE RESEARCH AND DEVELOPMENT TAX CREDIT.

NEAR TO MY HEART, IT ENSURED THAT FARMS WILL NOT EVAPORATE TO THE DEPARTMENT OF REVENUE WHEN SOLD BETWEEN GENERATIONS.

FROM A LABOUR STANDPOINT, IT USED TAX DEDUCTIONS TO ENCOURAGE JOB-CREATION ACTIVITIES BY LABOUR, SUCH AS THE QFL'S SOLIDARITY FUND.

IT IMPROVES SOCIAL BENEFITS SUCH AS PENSION ENTITLEMENTS.

MOST IMPORTANT, IT ASKED HIGHER INCOME CANADIANS TO PAY FOR MOST OF THESE STEPS BY ELIMINATING TAX SHELTERS, TARGETTING FAMILY BENEFITS TO LOWER INCOME EARNERS, LEVYING HIGHER CORPORATE TAXES, AND BY IMPOSING A DEFICIT REDUCTION SURTAX AT A RATE OF FIVE AND TEN PERCENT FOR INCOMES OVER \$30,000 AND \$60,000 RESPECTIVELY.

FOR THE AVERAGE CANADIAN FAMILY, EARNING \$25,000 TO \$30,000 FOR A YEAR, THE BUDGET WILL COST A DOLLAR A DAY - NOT AN UNREASONABLE PRICE FOR AVERTING DISASTER.

THE BUDGET MARKED THE FIRST STEP IN A RE-BUILDING OF OUR NATIONAL FINANCES.

WITHOUT THAT RE-BUILDING WE COULD NOT HOPE TO RETAIN ANY FLEXIBILITY. INSTEAD WE COULD LOOK FORWARD TO THE PROGRESSIVE CONSUMPTION OF REVENUES BY BALLOONING INTEREST CHARGES WHICH WOULD SOON, AS THE MINISTER OF FINANCE SAID, PARALYSE THE GOVERNMENT.

WITHOUT TACKLING THE BUDGETARY IMBALANCE THE FEDERAL GOVERNMENT WOULD HAVE TO STEADILY WITHDRAW FROM STIMULATIVE AND SOCIAL PROGRAMS DESIGNED TO HELP ORDINARY CANADIANS, WHETHER THOSE PROGRAMS WERE DESIGNED TO CREATE JOBS OR BUILD HOUSES.

NOT ONLY WILL THIS BUDGET HELP US PROTECT MANY OF THE SOCIAL PROGRAMS I'M SURE YOU ALL SUPPORT, BUT IT LOADS MOST OF THE BURDEN ON HIGHER INCOME TAXPAYERS, WHO I ASSUME ARE UNREPRESENTED HERE, AND ON SMOKERS AND DRINKERS, WHO I SUSPECT ARE ALSO NOT WELL REPRESENTED HERE.

CANADA WAS FACED WITH A CHOICE BETWEEN FACING THE REALITY OF OUR SITUATION, AND HIDING BEHIND FALSE HOPES WHICH WOULD LEAD US TO A CRASH OF UNPREDICTABLE MAGNITUDE AT AN UNPREDICTABLE TIME IN THE FUTURE.

BY CONFRONTING THE DEFICIT DIRECTLY, BY CREATING INCENTIVES FOR INVESTMENT AND RESEARCH, BY HELPING TO IMPROVE THE FINANCIAL SITUATION OF CANADIAN FARMERS, AND BY ENSURING THAT THE GREATEST PART OF THE BURDEN FOR FINANCING THESE MEASURES FALLS ON THOSE WHO CAN PAY, THE MINISTER OF FINANCE GAVE CANADA THE BUDGET IT NEEDED.

IT IS NOT AN ACCIDENT THAT CMHC PROGRAMS WERE NOT DISCUSSED IN THE BUDGET. WE HAVE BEEN INVOLVED IN A CONSULTATION PROCESS WHICH COULD NOT REASONABLY BE CONCLUDED, GIVEN THE COMPLEXITY OF CURRENT HOUSING PROGRAMS, BY YESTERDAY.

WE HAVE SEVERAL MORE STEPS TO TAKE BEFORE WE ARE INTERNALLY OR PUBLICLY READY TO DISCUSS SPECIFIC POLICY CHANGES. I THEREFORE ASKED THAT ANY BUDGETARY REVIEW OF HOUSING POLICY AWAIT OUR CONCLUSIONS.



BEFORE TOUCHING THE CO-OP PROGRAM ITSELF I WOULD LIKE TO MENTION TO YOU A FEW OF THE THEMES WHICH ARE EMERGING FROM OUR CONSULTATION PROCESS.

THERE WERE FOUR PROBLEM AREAS TO BE LOOKED AT:

THE FIRST WAS THE NECESSITY OF IMPROVING CO-OPERATION AMONG GOVERNMENTS AT ALL LEVELS, AND I THINK WE HAVE MADE PROGRESS IN THAT DIRECTION.

THE SECOND WAS THE NEED TO ESTABLISH CLEAR PRIORITIES FOR FEDERAL ASSISTANCE, AND THERE SEEMS TO BE ALMOST UNIVERSAL ACCEPTANCE OF THE IDEA THAT HELP GOES FIRST TO THOSE IN GREATEST NEED.

THE THIRD WAS THE REQUIREMENT TO SEE THAT HOUSING PROGRAMS WERE EFFICIENT AND EFFECTIVE, WHICHEVER GOVERNMENT MAY BE DELIVERING THEM, AND THAT THERE SHOULD BE NO ADMINISTRATIVE OVERLAP OR DUPLICATION.

AND FINALLY, IT WAS AND IS IMPERATIVE TO RESTRAIN FEDERAL HOUSING EXPENDITURES AS A CONTRIBUTION TO A REDUCTION IN THE DEFICIT AND

ECONOMIC REVIVAL. MY MEETINGS ACROSS THE COUNTRY WITH ALL SORTS OF PEOPLE SUGGEST THAT NECESSITY IS WELL KNOWN AND ACCEPTED.

AN EFFECTIVE RESPONSE TO THESE CHALLENGES DEMANDS CHANGE, A CHANGE BASED ON CONSENSUS ABOUT THE NATURE OF THE DIFFICULTIES THAT CONFRONT US AND THE STEPS TO BE TAKEN TO OVERCOME THEM,

THAT IS WHY THE CONSULTATION PAPER FOCUSSED ON THREE BROAD, FUNDAMENTAL QUESTIONS:

WHAT ROLE SHOULD GOVERNMENTS PLAY IN HOUSING?

WHAT SHOULD BE THE PRIORITIES FOR THE ALLOCATION OF LIMITED GOVERNMENT RESOURCES?

WHAT PROGRAMS ARE MOST EFFECTIVE IN MEETING OUR GOALS AND HOW CAN THEY BEST BE ADMINISTERED?

TO PURSUE THE ANSWERS TO THOSE QUESTIONS, I MET EARLY IN DECEMBER IN OTTAWA WITH ALL OF THE PROVINCIAL AND TERRITORIAL HOUSING MINISTERS. SINCE THEN, I HAVE MET WITH EACH MINISTER

INDIVIDUALLY TO DISCUSS SPECIAL CONCERNS, AND OUR OFFICIALS HAVE BEEN WORKING TOGETHER ON A NUMBER OF ISSUES. MINISTERS WILL MEET AGAIN IN JULY.

IN THE COURSE OF THESE CONSULTATIONS I HAVE RECEIVED MORE THAN 30 BRIEFS FROM GROUPS DIRECTLY INTERESTED IN HOUSING. MY PARLIAMENTARY SECRETARY AND I HAVE MET PERSONALLY WITH THESE GROUPS. IN ADDITION, ABOUT 150 BRIEFS HAVE BEEN SUBMITTED BY OTHER ORGANIZATIONS AND INDIVIDUAL CANADIANS.

THROUGH ALL OF THESE BRIEFS - AND THROUGH MY CONVERSATIONS WITH MY PROVINCIAL COUNTERPARTS - THERE ARE A NUMBER OF COMMON CONCLUSIONS.

THERE SEEMS TO BE WIDE AGREEMENT THAT THE HOUSING INDUSTRY REQUIRES GREATER STABILITY. GOVERNMENT ACTIONS, WHERE THEY MAY BE REQUIRED SHOULD BE DIRECTED TO FACILITATING THE OPERATION OF A FREE AND COMPETITIVE MARKET, NOT IMPEDING IT.

IT IS AGREED THAT GOVERNMENTS HAVE A ROLE TO PLAY IN ENSURING ADEQUATE SUPPLIES OF MORTGAGE FUNDS THAT ARE READILY ACCESSIBLE BY PEOPLE WHO NEED THEM.

GOVERNMENT SHOULD CONTINUE TO PROVIDE LEADERSHIP IN SOCIAL, ECONOMIC AND TECHNICAL RESEARCH THAT IS LIKELY TO IMPROVE HOUSING FOR CANADIANS.

MOST SUBMISSIONS MAINTAIN THAT GOVERNMENTS SHOULD EXERCISE GREAT CARE IN INTRODUCING SHORT-TERM MARKET-STIMULUS PROGRAMS WHICH FREQUENTLY HAVE THE EFFECT OF DISRUPTING MARKETS AND CREATING INSTABILITY. TOO CHAOTIC A MARKET CAN ONLY HELP THE LARGE BUILDERS AND SQUEEZE OUT THE SMALLER CONTRACTORS WHO KEEP THE MARKET COMPETITIVE.

IN ACHIEVING ITS GOALS, GOVERNMENT WILL REQUIRE, NOT MONOLITHIC NATIONAL PROGRAMS, BUT A MIX OF VARIOUS INITIATIVES WHICH CAN BE APPLIED SELECTIVELY IN VARIOUS COMBINATIONS TO RESPOND TO LOCAL AND REGIONAL NEEDS AND PRIORITIES.

CONSISTENT WITH THIS IDEA, THERE IS WIDE AGREEMENT THAT GOVERNMENT FINANCIAL CONTRIBUTIONS SHOULD PROVIDE FOR THE GREATEST POSSIBLE FISCAL FLEXIBILITY TO AVOID RIGID LONG-TERM FINANCIAL COMMITMENTS. IT IS ESSENTIAL TO AVOID THE POSITION WE NOW FIND OURSELVES IN, WHERE NINE-TENTHS OF THE HOUSING BUDGET IS LOCKED-IN, LEAVING VERY LITTLE ROOM TO MANOEUVRE AND INNOVATE.

AND FINALLY, DURING ALL THE DISCUSSIONS I HAVE HEARD - BY ELECTED AND APPOINTED OFFICIALS, BUSINESS PEOPLE AND CONSUMERS - IT IS CLEAR THAT SOCIAL HOUSING HAS STRONG SUPPORT AMONGST CANADIANS, AND THAT GOVERNMENTS ARE EXPECTED TO HELP DEVELOP PROGRAMS WHICH WILL HELP HOUSE LOW INCOME FAMILIES, THE DISABLED, OR THE DISADVANTAGED.

IN OTHER WORDS, LOW INCOME GROUPS ARE THE LEAST LIKELY TO BENEFIT FROM MARKET HOUSING, AND THE ACCOMMODATION GAP CREATED BY THAT FACT MUST BE THE PRINCIPAL TARGET FOR GOVERNMENT ASSISTANCE.

I BELIEVE WE MUST EXPECT THAT THE CO-OP HOUSING PROGRAM WILL BE A SIGNIFICANT PART OF OUR STRATEGY FOR FILLING THAT GAP.

COMING FROM SASKATCHEWAN I AM VERY CONSCIOUS OF THE CONTRIBUTION THAT THE CO-OPERATIVE MOVEMENT HAS MADE TO THE DEVELOPMENT OF THIS COUNTRY. ITS TRADITIONS ARE DEEPLY ROOTED IN THE WESTERN SOIL.

THE CO-OPERATIVES WERE THE CREATION OF THE FARMERS, USING THE COMBINED RESOURCES OF THE FARMERS.



GOVERNMENT REMOVED OBSTACLES, BUT THE CO-OPS WERE NOT VEHICLES OF GOVERNMENT HELP, BUT OF SELF-HELP.

NOWADAYS, CO-OPS ARE PART OF THE LIVES OF A GROWING NUMBER OF CANADIANS IN AN EXPANDING LIST OF ENTERPRISES IN WHICH PEOPLE JOIN WITH THEIR NEIGHBOURS TO HELP EACH OTHER IMPROVE THE QUALITY OR LOWER THE COST OF SERVICES.

THE HOUSING CO-OPS DO MORE THAN JUST CREATE AFFORDABLE SHELTER. ALONG WITH THE NEW HOUSEHOLDS THEY CREATE A GENUINE COMMUNITY, WITH ALL THE BENEFITS OF CONTACT, SUPPORT AND FRIENDSHIP THAT WE LOOK FOR IN THE BEST RURAL AND URBAN NEIGHBOURHOODS.

BUT YOU WILL BE AWARE, I'M SURE, THAT THE CO-OPERATIVE HOUSING PROGRAM IS THE MOST CONTROVERSIAL PART OF CMHC'S SECTION 56.1 HOUSING PROGRAM, WHICH IS ITSELF OFTEN CONTROVERSIAL.

THE CRITICISMS OF THE CO-OP PROGRAM ARE NOT MADE ON THE BASIS OF THE QUALITY OF THE UNITS, WHICH IS VERY HIGH, OR OF THE QUALITY OF THE ADMINISTRATION, WHICH IS ALSO HIGH.



THE CRITICISM IS ALWAYS MADE ON THE BASIS OF THE COST OF THE PROGRAM, AND DOUBTS AS TO WHETHER THOSE BENEFITTING SHOULD BE BENEFITTING FROM WHAT AMOUNTS TO A SELECTIVE SHELTER SUBSIDY.

THE CRITICISM CAN BE MADE BECAUSE IN SOME SIGNIFICANT WAYS THE HOUSING COOPERATIVES ARE NOT LIKE THE COOPERATIVES SET UP BY SASKATCHEWAN FARMERS, OR BY GROUPS OF CONSUMERS.

THE HOUSING CO-OPS ARE NOT JUST PARTNERSHIPS BETWEEN INDIVIDUALS WHO POOL THEIR RESOURCES, TALENTS AND ENERGIES TO CREATE A BENEFIT OR FACILITY.

HOUSING CO-OPERATIVES ARE INDEED A PARTNERSHIP, BUT A PARTNERSHIP WHICH INCLUDES THE FEDERAL GOVERNMENT, AND THE FEDERAL GOVERNMENT'S FINANCIAL CONTRIBUTION IS WHAT MAKES CO-OPERATIVE UNITS AFFORDABLE FOR SOME AND A BARGAIN FOR OTHERS.

THE FEDERAL GOVERNMENT'S CONTRIBUTION IS MONEY AT 2%, MONEY WHICH THE GOVERNMENT ITSELF MUST BORROW AT FIVE TIMES THAT RATE.

OVER TIME THE COST OF A CO-OP UNIT TO THE FEDERAL BUDGET IS ENORMOUS. TYPICALLY IT AMOUNTS TO \$5000 PER UNIT PER YEAR, OR ROUGHTLY \$43,000 IN CONSTANT DOLLARS OVER 35 YEARS. THAT IS A MAJOR PORTION OF THE TOTAL UNIT PRICE.

PUT ANOTHER WAY, 2% MONEY COULD HAVE PREVENTED ALMOST ALL OF THE 551 FARM BANKRUPTCIES WHICH OCCURED LAST YEAR, NOT TO MENTION THE THOUSANDS OF PERSONAL BANKRUPTCIES AND BUSINESS FAILURES.

WE COULD SOLVE ALMOST ANY PROBLEM CURRENTLY FACING CANADA, INCLUDING OUR HOUSING PROBLEMS, IF WE REALLY COULD AFFORD TO LOAN MONEY AT 2%. BUT IN REALITY WE CAN'T.

I AM NOT MAKING THESE POINTS TO PAVE THE WAY FOR AN END TO THE CO-OP PROGRAM, BECAUSE I BELIEVE IT IS VALUABLE, AND PERHAPS ESSENTIAL TO THE PROVISION OF QUALITY HOUSING.

I AM SAYING WE HAVE TO FIND WAYS OF CONTAINING FEDERAL EXPENDITURES, AND WAYS OF ENSURING THAT THE EXPENDITURES WE MAKE GO TO THOSE WHO BY THEIR CIRCUMSTANCES HAVE A RIGHT TO CLAIM DIRECT HELP FROM THEIR GOVERNMENT.

THIS MUST BE DONE WITH FULL RECOGNITION OF THE INCOME-MIXING GOALS WHICH THE PROGRAM HAS SET AND ATTAINED,

I AM GRATEFUL FOR THE EXISTENCE OF THE CO-OPERATIVE HOUSING FOUNDATION WHICH SPEAKS FOR THE HUNDREDS OF HOUSING CO-OPERATIVES ACROSS CANADA AND THE THOUSANDS OF HOUSEHOLDS WHICH MAKE UP THEIR MEMBERSHIP,

THE BRIEF SUBMITTED IN RESPONSE TO THE HOUSING CONSULTATION PAPER PRESENTED SERIOUS OPTIONS WHICH ARE STUDYING CAREFULLY - OPTIONS WHICH RECOGNIZED THAT WE AS A GOVERNMENT ARE OBLIGED TO LOOK AT THE COSTS AS WELL AS THE BENEFITS OF THE CO-OP PROGRAM,

WE CAN'T, AND WE DON'T INTEND TO UNDERESTIMATE THE CONTRIBUTION THE CO-OPERATIVE MOVEMENT IN CANADA HAS MADE OVER THE YEARS TO INCREASING THE COUNTRY'S STOCK OF AFFORDABLE HOUSING AND IMPROVING ITS MANAGEMENT AND ADMINISTRATION,

THIS YEAR THE NUMBER OF PROPORTION OF CO-OP UNITS HAS RISEN. TO DATE IN 1985, FUNDS HAVE BEEN CONDITIONALLY ALLOCATED FOR MORE THAN 9,164 UNITS OF NON-PROFIT AND CO-OPERATIVE HOUSING. THAT,

OF COURSE, DOES NOT INCLUDE ALLOCATIONS WHICH ARE UNDER PROVINCIAL CONTROL. OF THAT TOTAL, NEARLY HALF - 4,347 - ARE FOR CO-OP UNITS. LAST YEAR 3,877 OF 10,541 UNITS WERE ALLOCATED TO CO-OPS.

THERE IS NO QUESTION ABOUT THE GOVERNMENT'S MANDATE TO GIVE HELP TO PEOPLE WHO NEED IT.

THERE IS NO DOUBT THAT POPULAR EXPECTATION, AND OUR ECONOMIC SITUATION, JOINTLY REQUIRE US TO OBTAIN VALUE FOR TAX DOLLARS SPENT.

THERE IS BROAD AGREEMENT TOO THAT OUR APPROACH TO OUR HOUSING GOALS SHOULD BE FLEXIBLE, OFFERING A VARIETY OF SOLUTIONS THAT WILL RESPOND TO INDIVIDUAL NEEDS AND PREFERENCES.

THE OPTIONS TO BE OFFERED MUST CERTAINLY INCLUDE THE OPPORTUNITY FOR EVERY CANADIAN TO BUILD, OCCUPY AND MAINTAIN A HOME IN CO-OPERATION WITH FRIENDS AND NEIGHBOURS.

WITH A WILLINGNESS ON BOTH SIDES TO STUDY, REVISE AND APPRECIATE THE CO-OPERATIVE HOUSING PROGRAM, WE CAN TOGETHER ENSURE THAT CANADIANS, FROM ALL REGIONS AND ALL BACKGROUNDS, CAN BE PART OF THE CO-OP FAMILY.





# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
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CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS

ANNUAL SYMPOSIUM

TORONTO

31 MAY 1985

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



I AM VERY PLEASED TO BE HERE TODAY ADDRESSING MEMBERS AND GUESTS OF THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS. CAHRO IS SPECIAL BECAUSE, WHILE ALL OF YOU ARE CONCERNED ABOUT HOUSING, MOST OF YOU ARE INVOLVED DIRECTLY IN THE DELIVERY AND MANAGEMENT OF HOUSING PROGRAMS, PORTFOLIOS AND PROJECTS. CAHRO'S STRENGTH IS EXHIBITED IN THE RANGE OF TOPICS COVERED IN THIS SYMPOSIUM.

YOUR EXPERIENCE AND COMMITMENT MEAN THAT YOU HAVE MUCH TO CONTRIBUTE TO HOUSING IN CANADA. IT ALSO MEANS THAT THERE IS MUCH THAT CMHC AND I CAN LEARN FROM YOU.

THIS SYMPOSIUM IS VERY TIMELY. IT COMES IN THE MIDDLE OF OUR NATIONAL CONSULTATION PROCESS ON HOUSING PLANS, PRIORITIES AND POLICIES THAT WILL SERVE CANADA WELL INTO THE NEXT CENTURY. I AM SURE THAT THE DISCUSSIONS ARE ALSO OF GREAT INTEREST TO OUR COLLEAGUES WHO ARE HERE FROM THE UNITED STATES SINCE THERE ARE MANY SIMILARITIES IN OUR PROBLEMS AND SOLUTIONS.

I WANT TO BRING YOU UP TO DATE ON WHERE I AM IN THE CONSULTATION PROCESS, AND TO HIGHLIGHT SOME OF THE MAJOR THEMES THAT ARE EMERGING, BUT FIRST I WANT TO TALK A BIT ABOUT THE CONTEXT IN WHICH ALL PROGRAMS MUST NOW BE EVALUATED. THE BUDGET TABLED LAST THURSDAY DID THE THINGS MOST CANADIANS FELT IT HAD TO DO.

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NEAR TO MY HEART, IT ENSURED THAT FARMS WILL NOT EVAPORATE TO THE DEPARTMENT OF REVENUE WHEN SOLD BETWEEN GENERATIONS.

IT TOOK THE POSITIVE STEP OF UNLEASHING A FLOW OF 2 BILLION DOLLARS INTO THE ECONOMY OF CANADA THROUGH THE CANCELLATION OF THE REGISTERED HOME OWNERSHIP SAVINGS PLAN.

FROM A LABOUR STANDPOINT, IT USED TAX DEDUCTIONS TO ENCOURAGE JOB-CREATION ACTIVITIES BY LABOUR, SUCH AS THE QFL'S SOLIDARITY FUND.

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WITHOUT THAT RE-BUILDING WE COULD NOT HOPE TO RETAIN ANY FLEXIBILITY. INSTEAD WE COULD LOOK FORWARD TO THE PROGRESSIVE CONSUMPTION OF REVENUES BY BALLOONING INTEREST CHARGES WHICH WOULD SOON, AS THE MINISTER OF FINANCE SAID, PARALYSE THE GOVERNMENT.

WITHOUT TACKLING THE BUDGETARY IMBALANCE THE FEDERAL GOVERNMENT WOULD HAVE TO STEADILY WITHDRAW FROM STIMULATIVE AND SOCIAL PROGRAMS DESIGNED TO HELP ORDINARY CANADIANS, WHETHER THOSE PROGRAMS WERE DESIGNED TO CREATE JOBS OR BUILD HOUSES.

NOT ONLY WILL THIS BUDGET HELP US PROTECT MANY OF THE SOCIAL PROGRAMS I'M SURE YOU ALL SUPPORT, BUT IT LOADS MOST OF THE BURDEN ON HIGHER INCOME TAXPAYERS, WHO I ASSUME ARE UNREPRESENTED HERE, AND ON SMOKERS AND DRINKERS, WHO I SUSPECT ARE ALSO NOT WELL REPRESENTED HERE.



CANADA WAS FACED WITH A CHOICE BETWEEN FACING THE REALITY OF OUR SITUATION, AND HIDING BEHIND FALSE HOPES WHICH WOULD LEAD US TO A CRASH OF UNPREDICTABLE MAGNITUDE AT AN UNPREDICTABLE TIME IN THE FUTURE.

BY CONFRONTING THE DEFICIT DIRECTLY, BY CREATING INCENTIVES FOR INVESTMENT AND RESEARCH, BY HELPING TO IMPROVE THE FINANCIAL SITUATION OF CANADIAN FARMERS, AND BY ENSURING THAT THE GREATEST PART OF THE BURDEN FOR FINANCING THESE MEASURES FALLS ON THOSE WHO CAN PAY, THE MINISTER OF FINANCE GAVE CANADA THE BUDGET IT NEEDED.

IT IS NOT AN ACCIDENT THAT CMHC PROGRAMS WERE NOT DISCUSSED IN THE BUDGET. WE HAVE BEEN INVOLVED IN A CONSULTATION PROCESS WHICH COULD NOT REASONABLY BE CONCLUDED, GIVEN THE COMPLEXITY OF CURRENT HOUSING PROGRAMS, BY LAST THURSDAY.

WE HAVE SEVERAL MORE STEPS TO TAKE BEFORE WE ARE INTERNALLY OR PUBLICLY READY TO DISCUSS SPECIFIC POLICY CHANGES. I THEREFORE ASKED THAT ANY BUDGETARY REVIEW OF HOUSING POLICY AWAIT OUR CONCLUSIONS.

LET ME RETURN TO THE HOUSING CONSULTATION PROCESS.

MY EXAMINATION OF HOUSING HAS LED ME TO CONCLUDE THAT THERE ARE FOUR REALITIES WITH WHICH WE HAVE TO COME TO GRIPS:

WE HAVE TO:

- IMPROVE CO-OPERATION AMONGST GOVERNMENTS;
- ESTABLISH CLEAR PRIORITIES FOR FEDERAL ASSISTANCE;
- ENSURE THAT FEDERAL HOUSING ASSISTANCE IS CONSISTENT WITH PRIORITIES AND THAT PROGRAMS ARE EFFICIENT AND EFFECTIVE; AND
- HOLD FEDERAL HOUSING EXPENDITURES WITHIN THE PERIMETERS OF FISCAL RESTRAINT AND DEFICIT REDUCTION.

MY TASK IS TO DEAL WITH THESE CHALLENGES AS THEY APPLY TO HOUSING. TO DO THAT, I HAVE ASKED FOR THE HELP AND ADVICE OF EVERYONE WITH A SPECIAL INTEREST IN THIS AREA -- INDUSTRY ASSOCIATIONS, OTHER LEVELS OF GOVERNMENT AND CANADIANS THEMSELVES, AS HOMEOWNERS, TENANTS OR MEMBERS OF CO-OPERATIVE ORGANIZATIONS.

THROUGH THE CONSULTATION PROCESS, I HAVE SEEN THAT THERE APPEARS TO BE AGREEMENT ACROSS THE COUNTRY ON MANY OF THE BROAD, IMPORTANT ISSUES AFFECTING HOUSING.

MY PARLIAMENTARY SECRETARY AND I HAVE MET AND HEARD FROM MORE THAN 30 GROUPS. IN ADDITION, WE HAVE RECEIVED SOME 150 UNSOLICITED BRIEFS. CAHRO'S SUBMISSION WAS ONE OF THE MOST COMPREHENSIVE AND USEFUL THAT I HAVE SEEN. I PARTICULARLY APPRECIATE HAVING THE BENEFIT OF CAHRO'S VIEW BECAUSE SO MANY OF YOU ARE ACTIVELY ENGAGED IN SOCIAL HOUSING AND COMMUNITY RENEWALS AT THE MUNICIPAL LEVEL.

I HAVE SAID BEFORE THAT A TRULY NATIONAL EFFORT IS NEEDED IF WE ARE GOING TO ACHIEVE OUR GOAL OF GIVING CANADIANS ACCESS TO GOOD HOUSING AT AN AFFORDABLE COST WITHIN A SAFE AND SATISFYING COMMUNITY. NO ONE GOVERNMENT CAN DO THE JOB ALONE. IT WILL REQUIRE THE CO-OPERATION AND PARTICIPATION OF ALL LEVELS OF GOVERNMENT, INCLUDING THE MUNICIPAL AND REGIONAL GOVERNMENTS WHICH ARE IN THE BEST POSITION TO RECOGNIZE AND REFLECT WHAT PEOPLE NEED AND WANT.

UNDER THE CONSTITUTION, MY RELATIONSHIP WITH MUNICIPAL GOVERNMENTS IS THROUGH THE PROVINCES. HOWEVER, I KNOW THAT THE PROVINCIAL GOVERNMENTS ARE WELL AWARE OF THE UNIQUE CONTRIBUTION THAT LOCAL GOVERNMENT CAN MAKE TO THE PLANNING AND DELIVERY OF HOUSING POLICIES AND PROGRAMS AND THAT YOU WILL HAVE AN IMPORTANT ROLE TO PLAY.

I HAVE ALREADY MET TWICE WITH THE PROVINCIAL AND TERRITORIAL HOUSING MINISTERS -- FIRST IN OTTAWA, AND AGAIN ON A SERIES OF VISITS TO DISCUSS PARTICULAR ISSUES. OUR FEDERAL AND PROVINCIAL OFFICIALS HAVE ALSO BEEN MEETING ON THE ISSUES THAT WE HAVE IDENTIFIED AS HAVING A HIGH PRIORITY. THE MINISTERS WILL MEET AGAIN IN JULY TO REVIEW THEIR WORK.

MEETINGS WITH THE PROVINCES AND THE TERRITORIES HAVE GONE VERY WELL AND I AM PLEASED WITH THE CO-OPERATIVE SPIRIT THAT HAS PREVAILED.

IN ALL OF OUR DISCUSSIONS WITH THE OTHER GOVERNMENTS, WITH REPRESENTATIVES OF INDUSTRY AND WITH VARIOUS ORGANIZATIONS, A CLEAR CONSENSUS SEEMS TO BE DEVELOPING ON BROAD ISSUES. THE CONSULTATION PROCESS IS BY NO MEANS FINISHED BUT THERE ARE SOME COMMON THEMES EMERGING THAT I WOULD LIKE TO SHARE WITH YOU TODAY.

FIRST OF ALL, PEOPLE SEEM TO UNDERSTAND AND ACCEPT THE NEED FOR THE FEDERAL GOVERNMENT TO DEAL WITH ITS FISCAL PROBLEMS. AS WE CONTINUE TO SPEND MORE THAN WE COLLECT, INTEREST CHARGES ESCALATE, AND WE EFFECTIVELY ROB THE FUTURE TO PAY FOR THE PRESENT. CANADIANS ARE NOW READY AND WILLING TO DO THEIR SHARE IN HELPING COMBAT THIS PROBLEM.

PEOPLE SEEM TO AGREE THAT ONE OF THE FEDERAL GOVERNMENT'S IMPORTANT ROLES IN HOUSING -- AS IN OTHER POLICY AREAS -- IS TO CREATE THE CONDITIONS UNDER WHICH THE PRIVATE MARKET SYSTEM CAN WORK EFFICIENTLY. AMONG OTHER THINGS, THAT MEANS PROVIDING A STABLE ECONOMIC CLIMATE AND ENCOURAGING THE ADEQUATE SUPPLY OF INVESTMENT CAPITAL. IT ALSO MEANS DISPENSING WITH ANY UNWISE OR UNWARRANTED GOVERNMENT MEASURES THAT IMPEDE GROWTH AND DEVELOPMENT.



WHAT BUILDERS, DEVELOPERS AND HOME OWNERS ARE LOOKING FOR IS STABILITY -- STEADY PREDICTABLE GROWTH.

I AM A STRONG BELIEVER IN PRIVATE ENTERPRISE AND IN THE ABILITY OF INDUSTRY TO PROVIDE FOR THE NEEDS OF MOST CANADIANS. HOWEVER, I REALIZE THAT NO MATTER HOW WELL THE MARKET MAY WORK, SOME PEOPLE WILL ALWAYS BE LEFT OUT. THOSE PEOPLE ARE THE SPECIAL CONCERN OF GOVERNMENT. IN ALL OF MY CONVERSATIONS ABOUT HOUSING POLICY, THERE IS STRONG AGREEMENT THAT THE POOR, THE SINGLE PARENT FAMILIES, THE ELDERLY AND THE DISADVANTAGED MUST BE GIVEN PRIORITY.

IN ANY DISCUSSION ABOUT THE ROLE OF GOVERNMENT, THAT WILL BE MY FIRST PRIORITY. IF THERE ARE INTERVENTIONS, THEY WILL BE MADE TO HELP PEOPLE WHO CAN'T PROVIDE FOR THEMSELVES.

IT IS CLEAR FROM YOUR BRIEF, AND FROM MY CONVERSATIONS WITH THE OFFICERS OF CAHRO, THAT YOU AGREE WITH THIS RANKING OF PRIORITIES.



THE CHALLENGE -- TO ME AND TO YOU -- THEN BECOMES HOW WE CAN ENSURE THAT EACH DOLLAR ALLOCATED FOR SOCIAL HOUSING GOES AS FAR AS POSSIBLE TOWARDS SERVING THE PEOPLE FOR WHOM IT WAS INTENDED, THAT IS A GOAL PROPOSED BY ALMOST ALL OF THE PARTICIPANTS IN THE CONSULTATION PROCESS.

BUILDING A CONSENSUS IS NOT EASY BUT I THINK WE HAVE MADE AN EXCELLENT START. THERE WILL BE DIFFICULT DECISIONS BUT, IF THEY ARE MADE IN THE SPIRIT OF CO-OPERATION THAT HAS CHARACTERIZED THE CONSULTATIONS SO FAR, THEN I AM SURE THAT ALL PARTIES WILL UNDERSTAND AND ACCEPT THEM.

ONE OF THE FEDERAL INITIATIVES IN WHICH YOU HAVE A SPECIAL INTEREST IS RESIDENTIAL REHABILITATION. AS MANY OF YOU KNOW, CMHC HAS BEEN EVALUATING RRAP AND THAT PROCESS IS ALMOST COMPLETE. THIS REPORT, WHICH SHOULD BE PUBLICLY RELEASED DURING THE SUMMER, WILL BE AN ADDITIONAL CONTRIBUTION TO OUR GENERAL REVIEW OF HOUSING PROGRAMS. SOME OF THE PRELIMINARY FINDINGS ARE INTERESTING.

CMHC'S STUDY CONFIRMS THAT THERE IS A SERIOUS NEED TO REHABILITATE OUR HOUSING STOCK, AND A CONTINUING REQUIREMENT FOR GOVERNMENT ASSISTANCE TO LOW-INCOME HOUSEHOLDS TO HELP RESTORE THEIR HOMES TO ACCEPTABLE STANDARDS OF HEALTH AND SAFETY.

I AM OF THE OPINION THAT FEDERAL INVOLVEMENT IN RESIDENTIAL REHABILITATION IS MORE A MATTER OF SOCIAL POLICY THAN ECONOMIC POLICY. RENOVATION IS BIG BUSINESS AND IT'S GETTING BIGGER. INVESTMENT IN RESIDENTIAL RENOVATIONS LAST YEAR WAS WELL OVER SEVEN BILLION DOLLARS -- CLOSE TO HALF THE VALUE OF ALL RESIDENTIAL CONSTRUCTION IN THE COUNTRY. AND VIRTUALLY ALL OF THAT SEVEN BILLION DOLLARS CAME FROM THE PRIVATE SECTOR.

THERE ARE PROBABLY THINGS THAT THE FEDERAL GOVERNMENT CAN DO TO HELP THIS DYNAMIC SECTOR OF THE HOUSING BUSINESS. CMHC HAS DEVELOPED PROGRAMS TO IMPROVE REHABILITATION SKILLS AND CONTINUES TO DO RESEARCH ON THE ECONOMIC AND TECHNICAL ASPECTS OF RENOVATION.

HOWEVER, IT SEEMS TO ME THAT OUR MOST URGENT PRIORITY MUST BE TO HELP PEOPLE WHO ARE LIVING IN DANGEROUS AND UNHEALTHY ACCOMMODATION, AND WHO DON'T HAVE THE PERSONAL RESOURCES TO IMPROVE THEIR HOUSING AND TO EXTEND ITS USEFUL LIFE. WE HAVE TO FIND BETTER, FAIRER AND MORE EFFICIENT WAYS OF ACCOMPLISHING THIS AND I WILL NEED TO CALL ON CAHRO FOR HELP AND ADVICE.

RRAP IS A VERY USEFUL PROGRAM BUT THERE HAVE TO BE OTHERS AS WELL.

WE NEED TO HAVE A RANGE OF EFFICIENT PROGRAMS THAT CAN BE APPLIED TO SPECIAL PROBLEMS IN PARTICULAR REGIONS OR MARKETS. TO DEVELOP THESE PROGRAMS, WE NEED A HIGH DEGREE OF CO-OPERATION AND PARTICIPATION BY ALL LEVELS OF GOVERNMENT IN THE PLANNING, DELIVERING AND FUNDING OF PROGRAMS TO ACHIEVE THE GREATEST POSSIBLE BENEFIT TO THE PEOPLE THEY ARE MEANT TO HELP.

MY EXPERIENCE DURING THE LAST FEW MONTHS TELLS ME THAT THERE IS A WILLINGNESS AND A DETERMINATION TO MAKE THAT KIND OF CONCERTED EFFORT. IT IS THE ONLY WAY, GIVEN THE GEOGRAPHY AND THE RICH CULTURAL DIVERSITY OF THIS HUGE COUNTRY. I AM INVITING YOU NOW TO HELP MAKE IT WORK.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
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CANADIAN URBAN STUDIES CONFERENCE

WINNIPEG

AUGUST 14, 1985



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





THANK YOU VERY MUCH MR. ARTIBISE.

IT IS A PLEASURE TO BE HERE TODAY. IN PREPARING FOR THE CONFERENCE I LOOKED OVER YOUR AGENDA AND I MUST SAY THAT THE CONFERENCE IS COVERING A WIDE RANGE OF VERY IMPORTANT TOPICS, AND HAS DRAWN ON SOME OF THE BEST PEOPLE IN THE COUNTRY TO ADDRESS THEM. I WANT TO COMMEND THE INSTITUTE OF URBAN STUDIES AND MR. ARTIBISE FOR PUTTING ON THIS CONFERENCE.

I HAVE BEEN ASKED TO ADDRESS THE QUESTION OF FEDERAL HOUSING POLICIES IN THE 1980'S. AS YOU KNOW, SINCE BECOMING THE MINISTER RESPONSIBLE FOR CMHC, I HAVE SPENT A CONSIDERABLE AMOUNT OF TIME CONSULTING WITH HOUSING GROUPS AND ORGANIZATIONS FROM ACROSS THE COUNTRY AND WITH MY PROVINCIAL COUNTERPARTS.

WHEN I ASSUMED MY CURRENT RESPONSIBILITIES, I HAD NO PRE-CONCEIVED IDEAS ON PRECISE SOLUTIONS TO HOUSING PROBLEMS. BUT, I DID HAVE CERTAIN PRINCIPLES OR DIRECTIONS WHICH I FELT HAD TO BE FOLLOWED. LET ME TELL YOU ABOUT THEM.

FIRST, I FELT THERE WAS CONSIDERABLE GOODWILL AND A GENUINE DESIRE AMONGST THOSE INVOLVED IN HOUSING TO PARTICIPATE AND HELP IN DEVELOPING AND PUTTING IN PLACE HOUSING POLICIES AND

PROGRAMS TO BETTER MEET THE NEEDS, NOT ONLY OF THE 1980'S, BUT ALSO OF THE 1990'S.

I HAVE NOT BEEN DISAPPOINTED - THE INTEREST, COMMITMENT AND OPENNESS OF THE VARIOUS GROUPS INVOLVED IN HOUSING HAS MET MY EXPECTATIONS.

SECOND, GOVERNMENTS HAD TO FIND BETTER WAYS OF WORKING TOGETHER. AS I LOOKED AT THE HOUSING ISSUES FACING THE FEDERAL GOVERNMENT, IT BECAME CLEAR THAT ALL ORDERS OF GOVERNMENT ARE INVOLVED IN THE SOLUTIONS.

THE FEDERAL GOVERNMENT OPERATING IN ISOLATION FROM THE PROVINCES OR, PROVINCES IN ISOLATION OF THE FEDERAL GOVERNMENT, OR, PROVINCES IN ISOLATION FROM MUNICIPALITIES, WOULD SIMPLY MAKE IT MORE DIFFICULT, IF NOT IMPOSSIBLE TO FIND MEANINGFUL SOLUTIONS TO IDENTIFIED HOUSING PROBLEMS.

I HAVE DIRECTED CONSIDERABLE ATTENTION TO RESOLVING THESE PROBLEMS.

THERE HAVE BEEN TWO FEDERAL/PROVINCIAL HOUSING MINISTERS' CONFERENCES IN THE PAST EIGHT MONTHS AS COMPARED TO NONE IN THE PREVIOUS THREE YEARS. I HAVE MET WITH REPRESENTATIVES

OF CANADIAN MUNICIPALITIES AND WITH A NUMBER OF MAYORS AND ALDERMEN.

I BELIEVE WE ARE ESTABLISHING A CLIMATE OF COOPERATION AND UNDERSTANDING BETWEEN THE FEDERAL AND PROVINCIAL GOVERNMENTS WHICH I HOPE EXTENDS TO THE MUNICIPAL LEVEL.

I HAVE SEEN MEDIA REPORTS THAT THE FEDERAL GOVERNMENT WILL BE TURNING OVER HOUSING TO THE PROVINCES. AS MARK TWAIN SAID ABOUT REPORTS OF HIS DEATH, THE REPORTS ARE REALLY EXAGGERATED.

THERE IS NO DOUBT THAT WE CAN EFFECT ECONOMIES AND EFFICIENCIES IN THE DELIVERY OF HOUSING PROGRAMS. WE DON'T NEED TWO GOVERNMENT OFFICES IN THE SAME PLACE OFFERING SIMILAR AND, IN SOME CASES, COMPETING PROGRAMS. WE DON'T NEED FEDERAL/PROVINCIAL WRANGLES OVER WHO SHOULD DELIVER WHAT.

THERE IS ENOUGH FOR ALL OF US TO DO AND ONLY BY WORKING TOGETHER CAN WE ACHIEVE OUR GOAL OF BETTER HOUSING FOR ALL CANADIANS.

AT THE SAME TIME, I WANT TO EMPHASIZE THAT THERE ARE CONCRETE FEDERAL OBJECTIVES TO WHICH I, AND MY GOVERNMENT,

REMAIN COMMITTED. FOR REASONS OF ACCOUNTABILITY AND RESPONSIBILITY, I MUST BE CERTAIN THAT WHATEVER ARRANGEMENTS ARE REACHED, FEDERAL OBJECTIVES ARE MET IN THE BEST POSSIBLE WAY.

THE FEDERAL GOVERNMENT IS COMMITTED TO ASSISTING THOSE WHO NEED HELP THE MOST.

WE MUST HAVE SOLID HOUSING PROGRAMS TO ASSIST CANADIANS WHO CANNOT AFFORD DECENT HOUSING WITHOUT SPENDING TOO LARGE A PORTION OF THEIR INCOME TO DO SO. WE MUST TAKE STEPS TO PRESERVE OUR PRESENT LOW COST HOUSING STOCK, SINCE THIS STOCK FAR EXCEEDS THE NUMBER OF NEW UNITS ADDED IN ANY ONE YEAR. WE MUST DEAL WITH THE DEPLORABLE HOUSING CONDITIONS FACING OUR NATIVE PEOPLE, BE IT ON OR OFF-RESERVE. WE MUST CONTINUE TO ADD TO THE LOW INCOME HOUSING STOCK, PARTICULARLY FOR THE ELDERLY AND FOR SPECIAL NEED GROUPS SUCH AS THE DISABLED. AND, WE MUST ENSURE THAT FEDERAL ASSISTANCE IS AVAILABLE ON AN EQUITABLE BASIS ACROSS THE COUNTRY.

IN THE SAME WAY, HOMEOWNERSHIP REMAINS AN IMPORTANT GOAL OF CANADIANS. HOMEOWNERSHIP IS VIEWED AS THE MAJOR WAY IN WHICH FAMILIES CAN HELP THEMSELVES TO PROVIDE SECURITY. GOVERNMENTS CAN TAKE STEPS TO HELP CANADIANS ACHIEVE THIS

GOAL AND TO FOSTER SECURITY. DURING MY CONSULTATION PROCESS, VIRTUALLY ALL GROUPS EMPHASIZED THE DESIRABILITY OF FIXED RATE LONG-TERM MORTGAGES AND THE NEED TO ENSURE THAT MORTGAGE FUNDS ARE EQUITABLY AVAILABLE IN ALL PARTS OF THE COUNTRY. THESE ARE OBJECTIVES TO WHICH I AM COMMITTED AND, THROUGH MORTGAGE BACKED SECURITIES AND PUBLIC MORTGAGE INSURANCE, I INTEND TO ACHIEVE THEM.

THERE IS ANOTHER GROUP THAT I SHOULD ADDRESS - THE MODERATE INCOME HOUSEHOLDS THAT CAN'T ACCESS HOMEOWNERSHIP BUT STILL SEEK SECURITY OF TENURE.

MANY OF THESE HOUSEHOLDS HAVE LOOKED TO CO-OPERATIVE HOUSING AS THE WAY TO ACHIEVE THEIR OBJECTIVE. THE CO-OPERATIVE HOUSING MOVEMENT AND THE CO-OPERATIVE HOUSING FOUNDATION HAVE MADE A SIGNIFICANT CONTRIBUTION TO HOUSING IN CANADA. TO THEIR CREDIT, THEY HAVE ACCEPTED THAT NEW AND LESS COSTLY WAYS MUST BE FOUND IF GOVERNMENT IS TO BE ABLE TO SERVE BOTH MODERATE INCOME HOUSEHOLDS AND THOSE HOUSEHOLDS UNABLE TO AFFORD SUITABLE AND ADEQUATE SHELTER.

TO ACHIEVE THIS, THE CO-OPERATIVE HOUSING FOUNDATION HAS COME FORWARD WITH A PROPOSAL IN WHICH THEY HAVE INVESTED CONSIDERABLE TIME, ENERGY AND FUNDS. I HAVE DISCUSSED THIS



PROPOSAL WITH THE CHF AND MY OFFICIALS ARE WORKING WITH THEM. I APPLAUD THEIR EFFORTS AND HOPE THAT WE WILL BE ABLE TO REACH AGREEMENT ALONG THE LINES OF THEIR PROPOSAL. IF WE CAN NOT, IT WON'T BE BECAUSE OF LACK OF EFFORT ON EITHER THEIR PART OR MINE.

THIS LEADS TO THE THIRD AREA OF CONCERN I HAD UPON BECOMING MINISTER RESPONSIBLE FOR CMHC. THERE SEEMED TO BE NO DIRECTION OR OBJECTIVE TO FEDERAL HOUSING POLICY.

AS I SAID IN MY CONSULTATION DOCUMENT, THE STATED OBJECTIVES DID NOT PROVIDE PARLIAMENTARIANS, MINISTERS, THE GENERAL PUBLIC OR BUREAUCRATS WITH A CLEAR DIRECTION ON WHAT THE GOVERNMENT WANTED TO ACHIEVE. MY FIRST PRIORITY IS TO ESTABLISH OBJECTIVES THAT PROVIDE A CLEAR DIRECTION FOR FEDERAL HOUSING POLICY AND PROGRAMS.

WHILE I CAN'T GIVE YOU THE PRECISE WORDING, I CAN TELL YOU THAT I WANT TO ACHIEVE:

- SOCIAL HOUSING PROGRAMS HAVING AS THEIR PARAMOUNT PURPOSE ASSISTING HOUSEHOLDS WHO CANNOT AFFORD DECENT SHELTER;



- BETTER SECURITY FOR HOMEOWNERS THROUGH STEPS TO FOSTER PRIVATE MARKET DEVELOPMENT OF LONGER TERM FIXED INTEREST RATE MORTGAGES; AND
- OPPORTUNITY FOR SECURITY OF TENURE FOR MODERATE INCOME HOUSEHOLDS UNABLE TO AFFORD HOMEOWNERSHIP.

THESE MAJOR DIRECTIONS ARE ONES ON WHICH MY PROVINCIAL COLLEAGUES AND I AGREE, AND THEY DRAW HEAVILY ON THE ADVICE THAT I RECEIVED FROM THE MANY INTEREST GROUPS AND INDIVIDUALS WHO SUBMITTED BRIEFS IN RESPONSE TO MY CONSULTATION DOCUMENT.

HAVING ESTABLISHED OBJECTIVES AND PRIORITIES, THE QUESTION IS HOW BEST TO ACHIEVE THEM.

ANSWERING THIS IS NO EASY TASK. THERE ARE, HOWEVER, CERTAIN PRINCIPLES THAT I HAVE DRAWN FROM THE CONSULTATIVE PROCESS AND WHICH I THINK MAKE SENSE.

FIRST, VIRTUALLY ALL OF THE BRIEFS SUBMITTED STATED THAT THERE IS NO ONE MAGICAL SOCIAL HOUSING SOLUTION. THESE BRIEFS CALLED FOR A MIX OF PROGRAMS - PROGRAMS DESIGNED TO CONSTRUCT OR ACQUIRE HOUSING FOR LOW INCOME HOUSEHOLDS;

PROGRAMS DESIGNED TO PROVIDE ASSISTANCE TO SUPPLEMENT A HOUSEHOLD'S ABILITY TO PAY RENT; AND PROGRAMS DESIGNED TO UPGRADE THE LOW COST HOUSING STOCK.

IN ADVOCATING THE NEED FOR A MIX OF PROGRAMS, IT WAS ARGUED THAT THERE HAS TO BE FLEXIBILITY SO THAT LOCAL MARKET AND OTHER CIRCUMSTANCES CAN BE TAKEN INTO ACCOUNT. I ACCEPT THESE ARGUMENTS.

SECOND, THERE WAS A CONSENSUS THAT LONGER-TERM FIXED INTEREST MORTGAGES WERE DESIRABLE AND THAT MORTGAGE BACKED SECURITIES WOULD HELP ACHIEVE THEM. FOR THIS REASON, I INTEND TO PROCEED WITH A MORTGAGE BACKED SECURITY PROGRAM TO ENABLE THE PRIVATE SECTOR TO DEVELOP LONGER TERM MORTGAGE INSTRUMENTS. IN A RELATED WAY, THERE WAS STRONG SUPPORT FOR ACCESS TO MORTGAGE FUNDS ON AN EQUAL BASIS ACROSS THE COUNTRY AND FOR CONTINUING PUBLIC MORTGAGE INSURANCE SO THAT THIS COULD BE ACHIEVED.

THIRD, I BELIEVE THERE ARE WAYS THAT THE FEDERAL GOVERNMENT CAN HELP PROVIDE OPPORTUNITIES FOR MODERATE INCOME HOUSEHOLDS TO OBTAIN SECURITY OF TENURE. THE PROPOSALS MADE BY THE CO-OPERATIVE HOUSING FOUNDATION ARE ONE SUCH WAY.

I AM STILL EXAMINING PROGRAM OPTIONS AND I HAVE NOT YET FIXED ON PRECISE ANSWERS. I BELIEVE WE HAVE MADE CONSIDERABLE PROGRESS AND I LOOK FORWARD TO CONCLUDING THE PROCESS OVER THE NEXT FEW MONTHS.

DURING THIS PERIOD, I WILL CONTINUE DISCUSSIONS WITH THE PROVINCES AND MAJOR HOUSING INTEREST GROUPS. I AM SURE THAT THE SUPPORT THEY HAVE GIVEN WILL CONTINUE AND THAT TOGETHER WE CAN PUT IN PLACE HOUSING POLICIES AND PROGRAMS TO MORE EFFECTIVELY MEET THE NEEDS OF CANADIANS IN THE 1990'S AND BEYOND.

I THANK YOU FOR THE OPPORTUNITY TO TALK WITH YOU TODAY AND I LOOK FORWARD TO SEEING MANY OF YOU IN THE FUTURE.



# Remarks by the Honourable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Bill McKnight

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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MORTGAGE LOANS ASSOCIATION OF SASKATCHEWAN

SASKATOON CHAPTER

SASKATOON, SASKATCHEWAN

SEPTEMBER 20TH, 1985



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





THANK YOU VERY MUCH.

I AM VERY PLEASED TO BE HERE TODAY AND I WANT TO THANK YOU FOR THIS OPPORTUNITY TO DISCUSS HOUSING AND HOUSING POLICY WITH YOU.

AN ASSOCIATION SUCH AS YOURS - THE MORTGAGE LOANS ASSOCIATION OF SASKATCHEWAN - HAS A GREAT UNDERSTANDING AND DETAILED KNOWLEDGE OF HOUSING AND I LOOK FORWARD TO EXPRESSING MY VIEWS TO YOU AND HEARING YOUR THOUGHTS AND RECEIVING YOUR ADVICE.

YOU MAY BE AWARE - IF YOU ARE NOT I CAN TELL YOU THAT I CERTAINLY AM - THAT IT HAS BEEN A YEAR SINCE I WAS APPOINTED MINISTER RESPONSIBLE FOR THE CANADA MORTGAGE AND HOUSING CORPORATION AND MINISTER OF LABOUR.

BECAUSE THIS IS THE FIRST ANNIVERSARY OF OUR ELECTION, THERE HAS BEEN CONSIDERABLE COMMENTARY REGARDING OUR GOVERNMENT'S ACHIEVEMENTS OVER THE PAST YEAR.

I THINK OUR ACHIEVEMENTS HAVE BEEN SUBSTANTIAL. THE ECONOMY IS MOVING AGAIN AND THERE IS A NEW FOUND OPTIMISM AND ENTREPRENEURSHIP. THE ATLANTIC AND THE WESTERN ACCORDS HAVE

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BEEN SIGNED. THERE IS A NEW ERA OF COOPERATION BETWEEN THE FEDERAL AND PROVINCIAL GOVERNMENTS. STEPS HAVE BEEN TAKEN TO IMPROVE GOVERNMENT ADMINISTRATION AND EFFORTS HAVE BEEN MADE TO CONTROL EXPENDITURES.

THESE ARE SIGNIFICANT AND IMPORTANT ACHIEVEMENTS. AT THE SAME TIME, WE HAVE PUT IN PLACE CONSULTATION PROCESSES ON A NUMBER OF IMPORTANT SUBJECTS. WHILE THESE PROCESSES HAVE IN SOME CASES NOT YET RESULTED IN DECISIONS, THEY HAVE LAID THE GROUND WORK FOR DECISIONS, FOR FOSTERING NATIONAL DEBATE ON THE ISSUES AND FOR BEGINNING THE RECONSTRUCTION OF CANADIANS' CONFIDENCE IN THEMSELVES AND IN CANADA.

WHAT I WOULD LIKE TO DO TODAY IS TO REVIEW THE CONSULTATION PROCESS THAT I HAVE UNDERTAKEN IN HOUSING, SHOW HOW IT HAS BEEN IMPORTANT IN HELPING TO FRAME A NATIONAL CONSENSUS ON HOUSING AND TO OUTLINE FOR YOU THE DIRECTIONS WHICH ARE EMERGING FROM THE PROCESS.

WHEN I ASSUMED MY PRESENT RESPONSIBILITIES, I DID NOT HAVE PRECONCEIVED IDEAS ON PRECISE SOLUTIONS TO HOUSING PROBLEMS.

HOWEVER, AS I MET MORE AND MORE REPRESENTATIVES OF VARIOUS HOUSING ORGANIZATIONS, I WAS TAKEN WITH THEIR GOODWILL AND DESIRE TO COOPERATE IN FRAMING NATIONAL HOUSING POLICIES.

HOUSING INDUSTRY ASSOCIATIONS WERE CONCERNED ABOUT THE ON-AGAIN, OFF-AGAIN NATURE OF HOUSING INITIATIVES WHICH WERE SEEN AS MAKING IT DIFFICULT FOR THE INDUSTRY TO PLAN AND AS A RESULT CONTRIBUTING TO INSTABILITY IN THE INDUSTRY. OTHERS WERE CONCERNED ABOUT GOVERNMENT INTERFERENCE IN THE MARKET PLACE, ARGUING THAT GOVERNMENT EXPENDITURES SHOULD BE DIRECTED TO THOSE WHO NEED HELP THE MOST.

AT THE SAME TIME, GROUPS INVOLVED IN SOCIAL HOUSING WERE SAYING THAT MORE NEEDED TO BE DONE TO ASSIST THOSE IN NEED.

THIS WAS ALL COMING AT THE TIME WHEN FEDERAL HOUSING EXPENDITURES WERE GROWING AND WHEN WE, AS A GOVERNMENT, FELT IT NECESSARY TO BRING SOME DISCIPLINE TO OUR NATIONAL FINANCES.

TO CAPITALIZE ON THE OPENNESS AND EXPERIENCE OF ALL GROUPS INVOLVED IN HOUSING, I RELEASED A CONSULTATION DOCUMENT ON

HOUSING IN LATE JANUARY. THIS DOCUMENT RAISED MANY QUESTIONS ABOUT FEDERAL HOUSING POLICY AND PROGRAMS AND WAS DESIGNED TO STIMULATE DISCUSSION AND DEBATE.

THE RESPONSE TO THE DOCUMENT WAS SUBSTANTIAL. OVER 250 BRIEFS AND LETTERS WERE SUBMITTED AND ALL MAJOR HOUSING INTEREST GROUPS AND ORGANIZATIONS FROM ACROSS THE COUNTRY RESPONDED. I MET WITH MANY OF THESE GROUPS AND MY PARLIAMENTARY SECRETARY MET WITH OTHERS.

AT THE SAME TIME I RECOGNIZED THAT HOUSING WAS NOT ONLY A FEDERAL RESPONSIBILITY. INDEED IF THERE WAS ONE VIEW THAT I HAD WHEN ACCEPTING MY RESPONSIBILITIES, IT WAS THAT GOVERNMENTS HAD TO FIND BETTER WAYS OF WORKING TOGETHER. AS I EXAMINED THE HOUSING ISSUES FACING THE FEDERAL GOVERNMENT, IT BECAME CLEAR THAT ALL ORDERS OF GOVERNMENT ARE INVOLVED IN THE SOLUTIONS.

I, THEREFORE, SET FOUR OBJECTIVES FOR MYSELF. OBJECTIVES WHICH MIGHT BE DIFFICULT TO REACH BUT WHICH NEVERTHELESS HAVE TO BE ACHIEVED.

THESE OBJECTIVES WERE:

- . TO BUILD A NATIONAL CONSENSUS ON THE APPROPRIATE OBJECTIVES FOR FEDERAL HOUSING POLICIES AND PROGRAMS;
- . TO DESIGN EFFECTIVE PROGRAMS TO MEET THESE OBJECTIVES
- . TO IMPROVE RELATIONSHIPS WITH THE PROVINCES AND TO REMOVE ADMINISTRATIVE DUPLICATION IN THE DELIVERY OF HOUSING PROGRAMS; AND
- . TO REBALANCE ON A NATIONAL BASIS, FEDERAL AND PROVINCIAL EXPENDITURES ON HOUSING.

YOU ARE NO DOUBT WONDERING HOW I AM DOING IN ACHIEVING THESE OBJECTIVES. WHILE WORK REMAINS TO BE DONE, I BELIEVE WE, AND I USE WE BECAUSE OF THE INVOLVEMENT OF MY PROVINCIAL COUNTERPARTS AND OF HOUSING ORGANIZATIONS, HAVE MADE CONSIDERABLE PROGRESS.

WHILE I CAN'T GIVE YOU THE PRECISE WORDING, I CAN TELL YOU THAT THE OBJECTIVES I WANT TO GUIDE FEDERAL HOUSING POLICY ARE:

- SOCIAL HOUSING PROGRAMS HAVING AS THEIR PARAMOUNT PURPOSE ASSISTING HOUSEHOLDS WHO CANNOT AFFORD DECENT SHELTER;
- BETTER SECURITY FOR HOMEOWNERS AND PROSPECTIVE HOMEOWNERS THROUGH STEPS TO FOSTER PRIVATE MARKET DEVELOPMENT OF LONGER TERM FIXED INTEREST RATE MORTGAGES;
- OPPORTUNITIES FOR SECURITY OF TENURE FOR MODERATE INCOME HOUSEHOLDS UNABLE TO AFFORD HOMEOWNERSHIP; AND
- CONTINUED ACCESS TO MORTGAGE FUNDS IN ALL PARTS OF THE COUNTRY.

THESE MAJOR DIRECTIONS ARE ONES ON WHICH MY PROVINCIAL COLLEAGUES AGREE AND THEY DRAW HEAVILY ON THE ADVICE I RECEIVED FROM THE MANY INTEREST GROUPS AND INDIVIDUALS WHO SUBMITTED BRIEFS IN



RESPONSE TO MY CONSULTATION PAPER. IT IS MY BELIEF THAT THERE IS A NATIONAL CONSENSUS AROUND THESE OBJECTIVES.

HAVING ESTABLISHED OBJECTIVES AND PRIORITIES THE QUESTION IS HOW BEST TO ACHIEVE THEM.

ANSWERS TO THIS QUESTION ARE NOT EASY BUT AGAIN THE CONSULTATION PROCESS BOTH WITH HOUSING INTEREST GROUPS AND THE PROVINCES LEADS TO CERTAIN CONCLUSIONS WHICH I THINK MAKE SENSE.

TURNING TO SOCIAL HOUSING MOST SUBMISSIONS THAT I RECEIVED STATED THAT GOVERNMENT EXPENDITURES SHOULD BE DIRECTED TO THOSE MOST IN NEED. THIS VIEW IS SHARED BY MY PROVINCIAL COUNTERPARTS.

THIS IS NOT SURPRISING WHEN ONE CONSIDERS THAT ABOUT ONE MILLION HOUSEHOLDS ACROSS THE COUNTRY CANNOT AFFORD DECENT AND ADEQUATE SHELTER. THE ELDERLY, SINGLE-PARENT FAMILIES, FAMILIES WITH CHILDREN AND THE WORKING POOR ARE AMONG GROUPS WHICH ARE IN NEED OF ASSISTANCE. GIVEN THE GOVERNMENT'S CURRENT FINANCIAL POSITION WE MUST ACHIEVE MORE FOR THESE PEOPLE WITH THE SAME RESOURCES.

I AM HAPPY TO ASSURE YOU THAT THE FEDERAL GOVERNMENT IS COMMITTED TO ASSISTING CANADIANS WHO CANNOT AFFORD DECENT HOUSING.

THE STRONG CONSENSUS THAT FEDERAL EXPENDITURES SHOULD BE DIRECTED TO THOSE WHO NEED HELP THE MOST EXTENDS WELL BEYOND THIS STATEMENT OF PRINCIPLE.

IT ENCOMPASSES THE APPROACH THAT SHOULD BE TAKEN TO SOCIAL HOUSING. THERE IS A WIDESPREAD VIEW THAT CURRENT PROGRAMS ARE NOT SUFFICIENTLY WELL-TARGETTED AND NOT COST-EFFECTIVE IN SERVING THOSE MOST IN NEED.

THERE IS ALSO A WIDESPREAD VIEW THAT THE PRESENT APPROACH TO SOCIAL HOUSING IS NOT FLEXIBLE ENOUGH, NOT ABLE TO RESPOND TO DIFFERENT CIRCUMSTANCES IN AREAS ACROSS THE COUNTRY. THIS LEADS TO LESS EFFECTIVE SOLUTIONS THAT MIGHT OTHERWISE BE THE CASE.

FINALLY, THERE WAS A BROAD AGREEMENT THAT THE FEDERAL HOUSING REHABILITATION PROGRAMS SHOULD FORM PART OF A SOCIAL HOUSING PACKAGE SINCE THE LOW COST HOUSING STOCK GREATLY EXCEEDS WHAT IS ADDED TO THE STOCK IN ANY ONE YEAR.

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ESSENTIALLY, WHAT WAS BEING SAID IS THAT THERE ARE THREE WAYS OF PROVIDING HOUSING ASSISTANCE TO LOW-INCOME HOUSEHOLDS - ONE, HOUSING CAN BE CONSTRUCTED OR ACQUIRED; TWO, ASSISTANCE CAN BE PROVIDED TO ENABLE HOUSEHOLDS TO PAY MARKET RENTS; AND, THREE, SUBSTANDARD LOW COST HOUSING CAN BE REHABILITATED TO BRING IT UP TO MINIMUM STANDARDS.

AN EXAMINATION OF HOUSING NEEDS IN CANADA AND ACROSS MARKET AREAS IN THE COUNTRY SHOWS THAT THERE IS A NEED FOR ALL THREE TYPES OF APPROACHES. BUT THE RELATIVE ATTRACTIVENESS OF EACH APPROACH WILL VARY ON THE BASIS OF LOCAL MARKET CONDITIONS, ON THE CONDITION OF THE HOUSING STOCK IN A GIVEN GEOGRAPHIC AREA AND ON THE NEEDS OF CERTAIN GROUPS SUCH AS THE ELDERLY AND SPECIAL PURPOSE GROUPS FOR SPECIFIC TYPES OF HOUSING FACILITIES.

IF THE MOST COST-EFFECTIVE SOLUTION IS TO BE PUT IN PLACE, FLEXIBILITY TO APPLY THESE INSTRUMENTS IN DIFFERENT PROPORTIONS IS NEEDED. I ACCEPT THESE ARGUMENTS BECAUSE I DON'T BELIEVE THAT THE SOLUTION FOR HALIFAX, MONTREAL, TORONTO, SASKATOON, CALGARY AND VANCOUVER WILL BE THE SAME. A NATIONAL HOUSING POLICY MUST CONTAIN THIS FLEXIBILITY BECAUSE IT ENABLES THE BEST AND THE MOST COST-EFFECTIVE SOLUTION.



FOR THIS REASON I BELIEVE WE MUST DO A BETTER JOB OF PLANNING OUR SOCIAL HOUSING STRATEGY AND APPROACH ON A GEOGRAPHIC BASIS. I HAVE BEEN DISCUSSING THIS WITH MY PROVINCIAL COUNTERPARTS AND I BELIEVE THEY SHARE THIS VIEW. REGARDLESS OF WHAT HAPPENS IN THE AREA OF PROGRAM DELIVERY, THE NEED FOR US TO PLAN TOGETHER TO ENSURE THE MOST COST-EFFECTIVE SOLUTIONS AND TO ENABLE APPROPRIATE ACCOUNTABILITY REMAIN IMPORTANT OBJECTIVES.

THERE IS ONE FINAL POINT I WOULD LIKE TO MAKE ON SOCIAL HOUSING.

PROVINCES MUST RECOGNIZE THEIR RESPONSIBILITY TO ACT IN PARTNERSHIP WITH THE FEDERAL GOVERNMENT. THIS MEANS THAT PROVINCES MUST CONTRIBUTE THEIR FAIR SHARE TO THE COST OF HOUSING PROGRAMS. OVER THE PAST 10 YEARS ON A NATIONAL BASIS, THE FEDERAL GOVERNMENT HAS ASSUMED A LARGER AND LARGER SHARE OF SOCIAL HOUSING EXPENDITURES. IN SOME PROVINCES, THE FEDERAL GOVERNMENT IS BEARING VIRTUALLY THE FULL COSTS OF NEW ACTIVITY. THIS IMBALANCE IN FEDERAL AND PROVINCIAL EXPENDITURES MUST BE REDRESSED. THIS IS ANOTHER MATTER THAT I HAVE BEEN DISCUSSING WITH MY PROVINCIAL COUNTERPARTS.



THE CONSULTATION PROCESS ALSO DEMONSTRATED THAT HOMEOWNERSHIP REMAINS AN IMPORTANT GOAL OF CANADIANS. HOMEOWNERSHIP IS SEEN AS THE MAJOR WAY IN WHICH FAMILIES CAN HELP THEMSELVES TO PROVIDE SECURITY AND TO PREPARE FOR THEIR RETIREMENT YEARS.

BUT THE SECURITY OF HOMEOWNERSHIP LIES IN KNOWING THAT MORTGAGE PAYMENTS WILL BE REASONABLY STABLE AND CERTAINLY NOT SUBJECT TO SHOCKS THAT OCCURRED IN THE EARLY 1980'S WHEN MORTGAGE INTEREST RATES REACHED UNTHOUGHT OF LEVELS.

IT WAS FELT THAT THE FEDERAL GOVERNMENT CAN TAKE STEPS TO HELP CANADIANS ACHIEVE THE SECURITY THEY DESIRE THROUGH HOMEOWNERSHIP.

THIS ASSISTANCE WOULD NOT BE IN THE FORM OF EXPENDITURE PROGRAMS. RATHER IT CAN BE ACHIEVED BY THE FEDERAL GOVERNMENT WORKING WITH THE PRIVATE SECTOR TO CREATE AN ENVIRONMENT - AN OPPORTUNITY - FOR THE DEVELOPMENT OF LONG TERM FIXED INTEREST RATE MORTGAGES.

THERE IS UNIVERSAL SUPPORT AMONG HOUSING INTEREST GROUPS AND MY PROVINCIAL COUNTERPARTS FOR MORTGAGE BACKED SECURITIES. THESE SECURITIES WILL IMPROVE THE LIQUIDITY OF INVESTMENTS IN MORTGAGES

AND CONTRIBUTE TO THE DEVELOPMENT OF LONGER TERM FIXED-RATE MORTGAGES.

MORTGAGE BACKED SECURITIES ALLOW PRIVATE MORTGAGE LENDERS OR OTHER INSTITUTIONS TO ORIGINATE OR ACQUIRE INSURED MORTGAGES AND ARRANGE TO HAVE SECURITIES, BACKED BY THE MORTGAGES, SOLD TO INVESTORS. THE SECURITIES SOLD TO INVESTORS WOULD HAVE RELATIVELY LONG TERM MATURITIES WITH THE MONEY RAISED BEING USED TO FUND MORTGAGES WITH SIMILAR TERMS. EACH SECURITY REPRESENTS A SHARE IN THE POOL AND THE MONTHLY PAYMENTS MADE BY MORTGAGE BORROWERS WOULD BE COLLECTED AND PASSED THROUGH TO THE HOLDER OF THE MORTGAGE SECURITY IN PROPORTION TO THEIR SHARE OF THE POOL.

THE ADVANTAGES TO THE INVESTOR ARE THAT SECURITIES COULD BE SOLD IN THE SECONDARY MARKET AND GENERATE MONTHLY INCOME. IN ADDITION INVESTORS WOULD BE IN A POSITION TO INVEST IN MORTGAGES WITHOUT BECOMING INVOLVED IN INDIVIDUAL MORTGAGES AND WITHOUT HAVING TO PURCHASE A FULL MORTGAGE.

FOR THESE REASONS I INTEND TO PROCEED WITH A MORTGAGE BACKED SECURITY PROGRAM AND BY SO DOING WORK WITH THE PRIVATE SECTOR TO DEVELOP LONGER TERM FIXED INTEREST MORTGAGES.

I WAS ALSO PLEASED THAT THE CONSULTATION PROCESS AND MY PROVINCIAL COUNTERPARTS STRONGLY SUPPORTED THE NEED TO ENSURE ACCESS TO MORTGAGE FUNDS ON AN EQUAL BASIS ACROSS THE COUNTRY. PUBLIC MORTGAGE INSURANCE PLAYS AN IMPORTANT ROLE IN ACHIEVING THIS AND AS YOU MIGHT EXPECT THERE WAS GREAT SUPPORT FOR CONTINUING PUBLIC MORTGAGE INSURANCE. I AGREE WITH THIS.

THERE IS ONE OTHER OBJECTIVE THAT I SEE FOR FEDERAL HOUSING POLICY AND THAT I HAVE NOT TOUCHED ON - AN OPPORTUNITY FOR SECURITY OF TENURE FOR MODERATE INCOME HOUSEHOLDS UNABLE TO AFFORD HOMEOWNERSHIP.

MANY MODERATE INCOME HOUSEHOLDS HAVE LOOKED TO COOPERATIVE HOUSING AS A WAY TO ACHIEVE THEIR HOUSING ASPIRATIONS. THE COOPERATIVE HOUSING MOVEMENT AND THE COOPERATIVE HOUSING FOUNDATION HAVE MADE A SIGNIFICANT CONTRIBUTION TO HOUSING IN CANADA. THEY HAVE RECOGNIZED THAT NEW AND LESS COSTLY WAYS MUST BE FOUND IF GOVERNMENT IS TO BE ABLE TO SERVE BOTH MODERATE INCOME HOUSEHOLDS AND THOSE HOUSEHOLDS UNABLE TO AFFORD SUITABLE AND ADEQUATE SHELTER.

THE CHF HAVE SPENT CONSIDERABLE TIME, ENERGY AND FUNDS IN DEVELOPING AN INNOVATIVE PROPOSAL FOR THE FINANCING OF

COOPERATIVE HOUSING. THEIR PROPOSAL WHICH IS CURRENTLY BEING DISCUSSED BY THE CHF AND MY OFFICIALS IS RATHER INTERESTING SINCE IT MIGHT PROVIDE US WITH AN OPPORTUNITY TO EXPERIMENT WITH MORTGAGE DESIGNS.

AN IMPORTANT ELEMENT OF THEIR PROPOSAL IS THE USE OF PRICE LEVEL OR INDEX LINKED MORTGAGES. THESE MORTGAGES HAVE NOT BEEN TRIED IN CANADA BUT DO OFFER THE ADVANTAGE OF POTENTIAL REDUCTION IN ANNUAL CASH PAYMENTS.

AT THE SAME TIME BECAUSE THERE IS NO TRACK RECORD ON THESE MORTGAGES AND BECAUSE OF THEIR DESIGN, THEY ARE MORE RISKY THAN EQUAL PAYMENT MORTGAGES, WITH THE RESULT THAT RISK IS BEING SUBSTITUTED FOR EXPENDITURES. I ACCEPT THIS BUT AT THE SAME TIME I REALIZE THE AMOUNT OF RISK THAT CAN BE ACCEPTED NEEDS TO BE LIMITED.

AS I SAID, MY OFFICIALS ARE DISCUSSING THIS WITH THE CHF AND WHILE NO CONCLUSIONS HAVE BEEN REACHED, I AM HOPEFUL THAT BY WORKING TOGETHER WE WILL BE ABLE TO DEVELOP AN ACCEPTABLE PROGRAM.

MY REASON FOR WANTING CLEAR OBJECTIVES FOR FEDERAL HOUSING ACTIONS ARE FIRST TO PROVIDE EXPLICIT DIRECTION AND SECOND TO

CREATE AN ENVIRONMENT OF GREATER CERTAINTY FOR THE PRIVATE SECTOR. THE PRIVATE SECTOR IF IT IS TO FUNCTION MUST KNOW AND AGREE ON THE RULES OF THE GAME. IT MUST BE ABLE TO PLAN WITHOUT WORRYING THAT GOVERNMENT ACTIONS WILL IN SOME WAY CHANGE THE RULES OF THE GAME. WE DON'T NEED ON-AGAIN, OFF-AGAIN PROGRAMS WHICH DISRUPT THE PRIVATE SECTOR EITHER BY PULLING FORWARD ACTIVITY AND THEREBY DELAYING AND PERHAPS EXACERBATING A SUBSEQUENT REDUCTION IN FUTURE ACTIVITY OR WHICH CONTRIBUTE TO UNCERTAINTY.

I HAVE TRIED TO COVER A LOT OF MATERIAL TODAY. I WANTED TO TAKE THIS OPPORTUNITY TO BRING YOU UP TO DATE ON MY CONSULTATION PROCESS AND TO SHARE WITH YOU SOME OF THE DIRECTIONS THAT APPEAR TO BE UNFOLDING.

AS I SAID EARLIER, I HAVE ESTABLISHED CERTAIN OBJECTIVES THAT I WANT TO ACHIEVE. I BELIEVE CONSIDERABLE PROGRESS HAS BEEN MADE TOWARDS THEIR ACHIEVEMENT. THIS PROGRESS IS DIRECTLY RELATED TO THE SUPPORT WHICH I HAVE RECEIVED FROM MY PROVINCIAL COUNTERPARTS AND THE MAJOR HOUSING INTEREST GROUPS.

I TRUST THAT THIS SUPPORT WILL CONTINUE INTO THE FUTURE AS WE BRING THE PROCESS TO CONCLUSION AND BEYOND. I KNOW WE ALL SHARE



THE DESIRE TO PUT IN PLACE HOUSING POLICIES AND PROGRAMS THAT  
WILL EFFECTIVELY MEET THE NEEDS OF CANADIANS FOR THE REST OF THE  
1980'S AND THE 1990'S.

THANK YOU.



# Remarks by the Honourable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Bill McKnight

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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EDMONTON, ALBERTA

OCTOBER 28, 1985



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



THANK YOU VERY MUCH.

I AM PLEASED TO BE HERE TODAY TO SPEAK TO SUCH A LARGE BODY INVOLVED IN HOUSING AND WHO KNOW THE HOUSING SITUATION IN ALL PARTS OF THE COUNTRY.

I WOULD LIKE FIRST TO THANK YOUR ASSOCIATION AND YOUR EXECUTIVE FOR THE COOPERATION AND ASSISTANCE WHICH THEY HAVE SHOWN TO ME OVER THE PAST YEAR. THIS COOPERATION WAS AND CONTINUES TO BE DEMONSTRATED THROUGH THE HOUSING CONSULTATION PROCESS.

I VERY MUCH APPRECIATED THE BRIEF WHICH CREA MADE TO ME IN RESPONSE TO MY CONSULTATION PAPER. TODAY, I WILL BRING YOU UP-TO-DATE ON THE CONSULTATION PROCESS AND ON THE DIRECTIONS THAT I AM THINKING ABOUT TAKING. I ALSO WANT TO LET YOU KNOW WHAT IS HAPPENING WITH THE RECOMMENDATIONS YOU MADE.

MY REASON FOR DOING THIS IS BECAUSE IT WILL HIGHLIGHT MANY OF THE IMPORTANT ACHIEVEMENTS OF MY GOVERNMENT OVER THE PAST YEAR. STEPS TO REDUCE THE DEFICIT; TO GET THE ECONOMY MOVING AGAIN; TO CREATE JOBS; TO REWARD PRIVATE INITIATIVES; TO IMPROVE FEDERAL/ PROVINCIAL COOPERATION; TO GET THE ENERGY SECTOR MOVING THROUGH THE WESTERN AND ATLANTIC ACCORDS; AND TO RENEW CANADIANS' SENSE OF CONFIDENCE IN THEMSELVES BY WORKING TOGETHER.

LET ME BEGIN WITH YOUR PROPOSALS TO STRENGTHEN THE PERFORMANCE OF THE ECONOMY. AS YOU KNOW, INTEREST RATES IN CANADA HAVE FALLEN SIGNIFICANTLY OVER THE PAST YEAR AND THIS AUGURS WELL FOR THE HOUSING SECTOR AND FOR THE ECONOMY AS A WHOLE. HOUSING STARTS REFLECT THIS BEING AT A LEVEL OF 184 000 ON AN ANNUAL BASIS IN SEPTEMBER.

THE GOVERNMENT THROUGH ITS BUDGET HAS TAKEN STEPS TO REDUCE THE DEFICIT AND TO ENCOURAGE INVESTMENT. THE \$500 000 CAPITAL GAINS EXEMPTION PROVIDES AN INCENTIVE BOTH TO SMALL AND MEDIUM SIZED BUSINESSES AND WILL BE BENEFICIAL TO THE HOUSING SECTOR. IN ADDITION, YOUR PROPOSAL TO DROP THE REGISTERED HOME OWNERSHIP SAVINGS PLAN WAS QUICKLY ACTED UPON.

ON THE MATTER OF THE TAX TREATMENT OF RENTAL HOUSING, YOU WILL KNOW THAT MY PROVINCIAL COLLEAGUES AND I AGREED TO ASK OUR RESPECTIVE FINANCE MINISTERS TO REVIEW THIS MATTER.

I WILL PROCEED WITH THE INTRODUCTION OF MORTGAGE BACKED SECURITIES AS A MEANS OF FOSTERING THE DEVELOPMENT OF LONG-TERM FIXED INTEREST RATE MORTGAGES AND I APPRECIATE YOUR SUPPORT OF THIS.

IN THE AREA OF SOCIAL HOUSING, I BELIEVE THAT THERE IS CONSIDERABLE AGREEMENT BETWEEN US ON THE DIRECTIONS TO BE FOLLOWED. I WILL PRESENT TO YOU SHORTLY THE RESULTS OF MY CONSULTATION PROCESS.

I SHOULD SAY NOW, HOWEVER, THAT IT IS NOT MY INTENTION TO PROCEED WITH A SHELTER ALLOWANCE PROGRAM. MY REASONS FOR NOT FAVOURING A SHELTER ALLOWANCE INCLUDE THE CONSIDERABLE UNCERTAINTY ABOUT ITS COST, THE FACT THAT IT WOULD NOT ADD TO THE STOCK OF HOUSING AVAILABLE TO LOW INCOME HOUSEHOLDS IN SOME MARKET AREAS AND THAT IT WOULD NOT DEAL WITH THE HOUSING PROBLEMS FACED BY SPECIAL NEED GROUPS SUCH AS THE ELDERLY AND THE HANDICAPPED.

AT THE SAME TIME THERE NEEDS TO BE FLEXIBILITY IN THE APPROACH TO SOCIAL HOUSING SO THAT DIFFERENCES IN MARKET CIRCUMSTANCES CAN BE TAKEN INTO ACCOUNT. THIS FLEXIBILITY WILL BE PROVIDED THROUGH NON-PROFIT, RENT SUPPLEMENT AND RENOVATION PROGRAMS.

I APPRECIATE YOUR SUPPORT FOR AN EXPERIMENT WITH INDEX LINKED MORTGAGES. THIS IS A MATTER WHICH I HAVE BEEN PURSUING WITH THE COOPERATIVE HOUSING FOUNDATION WHO CAME FORWARD WITH AN EXPLICIT PROPOSAL DURING THE CONSULTATION PROCESS. IT IS MY HOPE THAT WE WILL BE ABLE TO PROCEED WITH SUCH A PROGRAM IN THE COOPERATIVE HOUSING SECTOR.



FINALLY, YOU HIGHLIGHTED THE NEED FOR THE FEDERAL AND PROVINCIAL GOVERNMENTS TO WORK TOGETHER. I SHARE THIS VIEW AND AS I STATED I HAVE BEEN WORKING VERY HARD WITH MY PROVINCIAL COLLEAGUES TO IMPROVE THE CLIMATE OF FEDERAL/PROVINCIAL RELATIONS IN HOUSING. CONSIDERABLE PROGRESS HAS BEEN MADE AND I LOOK FORWARD TO CONTINUED COOPERATION WITH MY PROVINCIAL COUNTERPARTS.

YOUR ASSOCIATION, THROUGH ITS BRIEF IN RESPONSE TO MY CONSULTATION PAPER, HAS MADE A SUBSTANTIAL CONTRIBUTION. I WANT TO THANK YOU AND YOUR EXECUTIVE FOR THE ADVICE AND COUNSEL WHICH THEY HAVE PROVIDED AND WHICH I KNOW THEY WILL CONTINUE TO PROVIDE IN THE FUTURE.

WHAT I WOULD LIKE TO DO NOW IS BRING YOU UP TO DATE ON THE CONSULTATION PROCESS. AS YOU KNOW, THE HOUSING CONSULTATION PROCESS STARTED IN LATE JANUARY WITH THE PUBLIC RELEASE OF MY CONSULTATION PAPER. I RECEIVED OVER 300 BRIEFS AND LETTERS IN RESPONSE TO THIS PAPER FROM HOUSING INTEREST GROUPS, SOCIAL GROUPS, HOUSING INDUSTRY ASSOCIATIONS AND INTERESTED CANADIANS.

AT THE SAME TIME BECAUSE OF THE IMPORTANT ROLE PLAYED BY PROVINCES IN HOUSING, I HAVE BEEN MEETING WITH MY PROVINCIAL COUNTERPARTS.



QUITE HONESTLY ANOTHER REASON FOR MEETING WITH THE PROVINCES AND WORKING TOGETHER WITH THEM WAS BECAUSE ONE OF THE FIRST PIECES OF ADVICE I RECEIVED UPON BECOMING MINISTER RESPONSIBLE FOR CMHC WAS THAT IMPROVEMENTS IN FEDERAL/PROVINCIAL RELATIONS AS THEY RELATE TO HOUSING WERE IMPERATIVE.

WE CAN NO LONGER AFFORD TO HAVE PROGRAMS WORKING AT CROSS PURPOSES. WE CANNOT ACCEPT BOTH DUPLICATION IN PROGRAMS AND ADMINISTRATIVE OVERHEAD BECAUSE THESE CREATED CONFUSION IN THE MINDS OF THOSE CANADIANS WE WERE TRYING TO ASSIST AND ADDED TO THE COSTS OF PROGRAMS.

THE INDUSTRY WAS LOOKING FOR STABILITY AND CERTAINTY AND WANTED GOVERNMENTS TO COMMIT THEMSELVES TO A COMMON APPROACH. ON THE FEDERAL SIDE, THERE WAS CONCERN ABOUT ON-AGAIN, OFF-AGAIN PROGRAMS. THE SAME WAS TRUE OF PROVINCIAL INITIATIVES. STABILITY AND CERTAINTY CAN ONLY BE FOSTERED IF GOVERNMENTS COMMIT THEMSELVES TO A COMMON GAME PLAN. THESE THEMES WERE VERY STRONG IN CREA'S BRIEF.

TO GIVE YOU SOME APPRECIATION OF THE BREADTH OF THE PROCESS, BRIEFS WERE RECEIVED FROM INDUSTRY ASSOCIATIONS - CREA, UDI, CHBA, CIPREC, CMHI; - FROM HOUSING INTEREST GROUPS - THE COOPERATIVE HOUSING FOUNDATION, THE CANADIAN ASSOCIATION OF

HOUSING AND RENEWAL OFFICIALS, THE NATIONAL ADVISORY COUNCIL ON AGING, THE CANADIAN COUNCIL ON SOCIAL DEVELOPMENT, THE COALITION OF PROVINCIAL ORGANIZATIONS OF HANDICAPPED, THE NATIONAL ANTI-POVERTY ORGANIZATION, FRONT D'ACTION POPULAIRE EN RÉAMÉNAGEMENT URBAIN; - FROM MUNICIPALITIES BOTH INDIVIDUALLY AND THROUGH THE FEDERATION OF CANADIAN MUNICIPALITIES; - FROM NATIVE ASSOCIATIONS - THE NATIVE COUNCIL OF CANADA, THE ASSEMBLY OF FIRST NATIONS, THE METIS NATIONAL COUNCIL; - FROM LENDERS - THE BANKERS AND TRUST ASSOCIATIONS, THE CAISSE POPULAIRE DESJARDINS, THE MORTGAGE INSURANCE COMPANY OF CANADA.

FOLLOWING RECEIPT OF THE BRIEFS, EITHER I AND/OR MY PARLIAMENTARY SECRETARY MET WITH MANY GROUPS. THE PURPOSE OF THESE MEETINGS WAS TO CLARIFY ISSUES IN THE BRIEFS AND TO ENGAGE IN A FULL DISCUSSION OF HOUSING. THESE MEETINGS OCCURRED DURING THE SPRING.

IN ALL CASES RESPONSES TO THE BRIEFS OR LETTERS WERE PROVIDED.

EACH BRIEF WAS CLOSELY ANALYZED OVER THE SUMMER AND I CONSIDERED THE POSSIBLE DIRECTIONS THAT I MIGHT FOLLOW.

SUBSEQUENTLY, MEETINGS WERE HELD WITH THE MAJOR INTEREST GROUPS. THESE MEETINGS HELD BY MEMBERS OF MY STAFF AND SENIOR OFFICIALS FROM CMHC HAD THE PURPOSE OF INFORMING GROUPS ABOUT MY

DISCUSSIONS WITH PROVINCES; OF RESPONDING DIRECTLY TO RECOMMENDATIONS MADE IN THE BRIEFS; AND OF PRESENTING AND DISCUSSING POSSIBLE DIRECTIONS.

I CAN TELL YOU THAT THESE MEETINGS WERE VERY MUCH APPRECIATED BOTH BY MYSELF AND BY THE GROUPS WITH WHOM WE HAVE MET. THEY HAVE BEEN OPEN AND CANDID AND I ESPECIALLY WANT TO THANK YOUR EXECUTIVE.

LET ME GIVE YOU ONE EXAMPLE OF THE PROCESS. I MET WITH THE COOPERATIVE HOUSING FOUNDATION FOLLOWING RECEIPT OF THEIR BRIEF. I HAVE MET WITH THEM SINCE. MY STAFF, SENIOR OFFICIALS OF CMHC AND THE COOPERATIVE HOUSING FOUNDATION HAVE BEEN MEETING EVERY TWO WEEKS SINCE MID-SEPTEMBER TO REVIEW THE INNOVATIVE PROPOSAL MADE BY THE CHF IN THE CONSULTATION PROCESS.

I HAVE SAID PUBLICLY BEFORE, AND I SAY SO NOW - I AM COMMITTED TO WORKING WITH THE CHF TO SEE IF TOGETHER WE CAN DESIGN A PROGRAM THAT MEETS THEIR NEEDS AND MINE.

THIS IS THE TYPE OF COOPERATION THAT ALL GROUPS HAVE DEMONSTRATED THROUGH THE PROCESS.

I THINK THAT THROUGH THE CONSULTATION PROCESS A NEW CONSENSUS AMONG BOTH HOUSING INTEREST GROUPS AND THE PROVINCES IS EMERGING.

LET ME GIVE YOU THE PARAMETERS OF THAT CONSENSUS:

- . I AM COMMITTED TO ASSISTING THOSE HOUSEHOLDS WHO CANNOT AFFORD SUITABLE AND ADEQUATE SHELTER IN THE PRIVATE MARKET;
- . I AM COMMITTED TO THE CONTINUATION OF NON-PROFIT AND COOPERATIVE HOUSING AS A WAY OF ASSISTING THOSE WHO CANNOT AFFORD ACCOMMODATION IN THE PRIVATE MARKET;
- . I AM IN AGREEMENT THAT WE NEED A PACKAGE OF SOCIAL HOUSING PROGRAMS COMPRISING NON-PROFIT HOUSING, RENT SUPPLEMENT AND RENOVATION ASSISTANCE SO THAT THE MOST COST-EFFECTIVE SOCIAL HOUSING STRATEGIES CAN BE UNDERTAKEN IN LIGHT OF DIFFERENCES IN MARKET CONDITIONS AND DIFFERENCES IN THE STATE OF THE HOUSING STOCK;
- . I AM INTERESTED IN ASSISTING THE GREATEST NUMBER OF HOUSEHOLDS IN NEED POSSIBLE GIVEN BUDGET CONSTRAINTS AND IF THIS REQUIRES GREATER PROVINCIAL CONTRIBUTIONS ON A NATIONAL BASIS, I WELCOME SUCH ADDITIONAL CONTRIBUTIONS;

- . I AM COMMITTED TO FEDERAL OBJECTIVES AND TO MEASURES TO ENSURE THAT FEDERAL OBJECTIVES ARE BEING ACHIEVED. THIS MEANS ACCESS TO THE FEDERAL PROGRAMS IN ALL PARTS OF THE COUNTRY AND TO ALL GROUPS IN NEED;
- . I WILL NOT INCREASE THE FEDERAL RENT TO INCOME SCALE TO 30 OR 35 PER CENT AS WAS PROPOSED BY SOME DURING THE CONSULTATION PROCESS;
- . I WANT TO COORDINATE FEDERAL AND PROVINCIAL ACTIONS AND TO REDUCE DUPLICATION BETWEEN GOVERNMENTS;
- . I AGREE THAT WE HAVE TO DO A MUCH BETTER JOB OF PLANNING OUR SOCIAL HOUSING STRATEGIES AND FOR THIS REASON, I WANT TO ENTER INTO A THREE YEAR PLANNING PROCESS WITH THE PROVINCES WHO, IN TURN, I HOPE WILL ENGAGE THEIR MUNICIPALITIES;
- . I WANT TO HELP CREATE A CLIMATE OF STABILITY AND CERTAINTY FOR THE PRIVATE SECTOR SO THAT THEY CAN GET ON WITH THE JOB THEY DO BEST - BUILD SHELTER;



- . I WANT TO FOSTER SECURITY OF TENURE FOR MODERATE INCOME HOUSEHOLDS WHO CANNOT AFFORD ACCESS TO HOMEOWNERSHIP, AND LOOK TO THE COOPERATIVE HOUSING SECTOR TO PLAY AN IMPORTANT ROLE HERE;
- . I WANT TO FOSTER SECURITY FOR HOMEOWNERS BY ENCOURAGING THE PRIVATE DEVELOPMENT OF LONGER-TERM FIXED INTEREST RATE MORTGAGES THROUGH MORTGAGE BACKED SECURITIES; AND
- . I WANT TO CONTINUE TO HELP ACCESS TO HOMEOWNERSHIP THROUGH PUBLIC MORTGAGE INSURANCE AND THE PROVISION OF HIGH RATIO MORTGAGES.

ALL OF THE ABOVE CAME THROUGH CLEARLY IN THE CONSULTATION PROCESS AND I BELIEVE REPRESENT A CONSENSUS AMONG INTEREST GROUPS AND THE PROVINCES.

AS I SAID IN A SPEECH EARLIER THIS YEAR, THOSE WHO THINK THE FEDERAL GOVERNMENT IS REMOVING ITSELF FROM SOCIAL HOUSING AND SIMPLY TURNING IT OVER TO THE PROVINCES ARE GROSSLY MISTAKEN.

WHAT HAS BEEN DISCUSSED IN THE FEDERAL/PROVINCIAL FORUM ARE WAYS OF COORDINATING FEDERAL AND PROVINCIAL INITIATIVES, OF OVERCOMING DUPLICATION BETWEEN GOVERNMENTS AND OF REBALANCING ON A NATIONAL



BASIS THE RELATIVE EXPENDITURES OF BOTH ORDERS OF GOVERNMENT. THERE IS, AND CAN BE, NO DOUBT ABOUT FEDERAL OBJECTIVES AND THE FEDERAL GOVERNMENT'S INTENTION TO ENSURE THAT THESE OBJECTIVES ARE MET.

THE CONSULTATION PROCESS HAS RESULTED IN MANY HOUSING INTEREST GROUPS WITH DIFFERENT VIEWPOINTS WORKING TOGETHER TO TRY TO RESOLVE THEIR DIFFERENCES OR AT LEAST TO BETTER UNDERSTAND DIFFERENCES. THIS SHOWS A NEW MATURITY IN THE NATIONAL HOUSING DEBATE AND I WELCOME IT.

I ASSURE YOU THAT ONCE THE CONSULTATION PROCESS IS CONCLUDED THIS WILL NOT BE LOST. THE OPENNESS AND COOPERATION AMONG HOUSING INTEREST GROUPS AND BETWEEN HOUSING INTEREST GROUPS AND THE FEDERAL GOVERNMENT WILL STAND US ALL IN GOOD STEAD IN THE FUTURE, AND I FOR ONE INTEND TO CONTINUE TO RELY ON THE COOPERATION SHOWN THROUGH THE CONSULTATION PROCESS.

THERE IS ONE FINAL MATTER ON WHICH I WOULD LIKE TO SAY A FEW WORDS TODAY. CREA, THROUGH ITS EXECUTIVE AND THROUGH MR. ALLAN POAPST, HAS DEMONSTRATED ITS DESIRE AND INTEREST TO PLAY A LEADING ROLE IN RESPECT TO THE INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS PLANNED FOR 1987.

IT IS ESPECIALLY PLEASING TO ME AS MINISTER RESPONSIBLE FOR CMHC TO SEE YOUR ASSOCIATION PLAYING SUCH AN IMPORTANT ROLE IN THE INTERNATIONAL YEAR NOT ONLY DOMESTICALLY BUT ALSO INTERNATIONALLY. I KNOW YOU HAVE MUCH EXPERTISE TO CONTRIBUTE AND I KNOW OTHER COUNTRIES WANT TO BENEFIT FROM YOUR KNOWLEDGE.

IN CONCLUSION I WANT TO THANK YOU FOR THIS OPPORTUNITY TO EXCHANGE VIEWS WITH YOU. I HAVE COVERED A LOT OF GROUND BUT I VERY MUCH WANTED TO BRING YOU UP TO DATE ON THE CONSULTATION PROCESS AND FEDERAL/PROVINCIAL DISCUSSIONS. I WANT TO THANK YOU AND YOUR EXECUTIVE FOR YOUR ADVICE AND COOPERATION AND I LOOK FORWARD TO A CONTINUED GOOD WORKING RELATIONSHIP. I BELIEVE WE ARE CLOSE TO A NEW CONSENSUS ON HOUSING THAT WILL SERVE US WELL IN THE FUTURE. IT IS THROUGH THE EFFORTS OF YOUR ASSOCIATION AND OTHERS THAT WE WILL BE ABLE TO ACHIEVE THIS.

THANK YOU.

# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
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THE HONOURABLE WILLIAM MCKNIGHT

MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION

PRESENTED TO



CANADIAN MANUFACTURED HOUSING INSTITUTE ANNUAL CONVENTION

CHÂTEAU LAURIER HOTEL - OTTAWA, ONTARIO

NOVEMBER 20, 1985

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



## FUTURE OPPORTUNITIES FOR MANUFACTURED HOUSING IN CANADA

IT GIVES ME GREAT PLEASURE TO ADDRESS THE ANNUAL CONFERENCE OF THE CANADIAN MANUFACTURED HOUSING INSTITUTE AT A TIME WHEN YOUR INDUSTRY MAY BE AT A TURNING POINT IN ITS EVOLUTION.

I WOULD LIKE TO POINT OUT AT THE OUTSET THAT MY DEFINITION OF MANUFACTURED HOUSING INCLUDES ALL FORMS - MOBILE HOMES, MODULAR HOUSING, PANELIZED AND PRE-CUT PACKAGES.

A DROP IN THE ANNUAL PRODUCTION OF MANUFACTURED HOUSING FROM ALMOST 50 000 UNITS IN THE MID-1970S TO LESS THAN 10 000 UNITS LAST YEAR HAS CAUSED MANY OBSERVERS TO QUESTION THE INDUSTRY'S ABILITY TO SURVIVE. HOWEVER, OTHERS, INCLUDING MYSELF, BELIEVE THAT MANUFACTURED HOUSING COULD PLAY A MAJOR ROLE IN IMPROVING THE CHOICE, QUALITY AND AFFORDABILITY OF HOUSING FOR CANADIANS. SUCCESS HERE AT HOME COULD IMPROVE CANADA'S COMPETITIVE POSITION IN EXPORT MARKETS WHICH, IN TURN, COULD BENEFIT THE FOREST PRODUCTS INDUSTRY AND OTHER BUILDING MATERIAL MANUFACTURERS.

MY OPTIMISM IS BASED ON THE FINDINGS OF RECENTLY COMPLETED STUDY ENTITLED "OPPORTUNITIES FOR MANUFACTURED HOUSING IN CANADA" WHICH



WAS COMMISSIONED BY CMHC AND CARRIED OUT BY THE EDMONTON FIRM OF BAIRSTOW AND ASSOCIATES CONSULTING LIMITED. I AM RELEASING A SUMMARY REPORT FOR YOU TODAY. MORE DETAILED BACKGROUND REPORTS WILL BE AVAILABLE FROM THE CANADIAN HOUSING INFORMATION CENTRE.

THE STUDY TEAM EXAMINED THE MANUFACTURED HOUSING INDUSTRIES IN CANADA, THE UNITED STATES, JAPAN AND SWEDEN. THEY FOUND ECONOMIC AND DEMOGRAPHIC TRENDS IN THESE FOUR COUNTRIES TO BE SIMILAR. HOWEVER, OTHER THAN IN CANADA, MANUFACTURED HOUSING HAS PROSPERED AND NOW TAKES APPROXIMATELY 15 PER CENT OF THE NEW HOUSING MARKET IN JAPAN, 50 PER CENT IN THE U.S., AND 90 PER CENT IN SWEDEN.

MANY OF THE REASONS FOR THE SUCCESS OF MANUFACTURED HOUSING IN THESE COUNTRIES ARE IDENTIFIED IN THE TWO AUDIO-VISUAL TAPES THAT YOU HAVE JUST SEEN AND WHICH WERE BASED ON MATERIAL COLLECTED DURING THE COURSE OF THE STUDY. THE FIRST, WHICH IS CALLED "EFFICIENT MANUFACTURED HOUSING TECHNOLOGY", SHOWS NOT ONLY WHAT METHODS AND INNOVATIONS ARE OCCURRING IN OTHER COUNTRIES, BUT ALSO SOME EXAMPLES OF TECHNOLOGICAL BREAKTHROUGHS THAT EXIST IN CANADA



TODAY. WE THINK THIS TAPE WILL BE PARTICULARLY HELPFUL TO INDUSTRY REPRESENTATIVES WISHING TO TRANSFER IDEAS FROM ABROAD TO THEIR OWN SITUATION.

THE SECOND VIDEOTAPE ENTITLED "AFFORDABLE FORMS OF MANUFACTURED HOUSING" SHOWS THAT THE ERA OF THE BOX TRAILER IS OVER AND THAT MANUFACTURED HOUSING CAN PROVIDE EXCITING AND ATTRACTIVE POSSIBILITIES TO HELP ATTACK THE SERIOUS CANADIAN ISSUE OF HOUSING AFFORDABILITY. THIS VIDEOTAPE IS DIRECTED AT ALL LEVELS OF GOVERNMENT, PLANNERS, POLITICIANS, LENDERS AND ANY OTHER GROUPS THAT MIGHT AFFECT THE DEVELOPMENT OF THE INDUSTRY IN CANADA.

IT ILLUSTRATES ACTIONS TAKEN BY FOREIGN GOVERNMENTS TO LEND SUPPORT TO THE INDUSTRY AND TO IMPROVE THE PUBLIC'S IMAGE OF MANUFACTURED HOUSING AS AN ACCEPTABLE AND DESIRABLE HOUSING FORM. THE TAPE ALSO HIGHLIGHTS INDUSTRY INITIATIVES TO CATER TO THE NEEDS OF AN INCREASINGLY SOPHISTICATED HOUSING CONSUMER.

TODAY, I WOULD LIKE TO HIGHLIGHT WHAT CMHC HAS LEARNED FROM THE STUDY AND THEN DISCUSS THE REPORT'S RECOMMENDATIONS. I WOULD LIKE TO EXAMINE WHAT OTHER GOVERNMENTS HAVE DONE TO FOSTER A POSITIVE CLIMATE FOR THE INDUSTRY, AND HOW FOREIGN INDUSTRIES RESPONDED TO SHRINKING MARKETS AND MORE SELECTIVE HOUSING CONSUMERS. WE ARE SUPPORTIVE OF YOUR INDUSTRY BECAUSE WE ARE CONVINCED THAT MANUFACTURED HOUSING CAN BE BUILT AT LESS COST THAN TRADITIONAL STICK-BUILT HOMES WHILE MATCHING THEIR QUALITY AND ENERGY EFFICIENCY.

WE ARE NOT LOOKING FOR A PANACEA FOR CANADA'S HOUSING PROBLEMS, BUT THERE ARE STILL APPROXIMATELY A MILLION CANADIANS WHOSE SHELTER COST RATIOS ARE TOO HIGH. MANUFACTURED HOUSING IS ONE WAY TO PROVIDE MORE CANADIANS WITH THE OPTION OF HOMEOWNERSHIP WITHOUT GOVERNMENT SUBSIDIES.

HOWEVER, THERE ARE BARRIERS. NO ONE ORGANIZATION IN CANADA CAN SPEAK FOR ALL PARTS OF THE MANUFACTURED HOUSING INDUSTRY AND I THEREFORE WELCOME THE PARTICIPATION OF NON-CMHI MEMBERS AT THIS CONFERENCE.

THE NEGATIVE PUBLIC IMAGE OF UNTIDY MOBILE HOME PARKS HAS ENCOURAGED DISCRIMINATORY ZONING PRACTICES. THIS ISSUE HAS BEEN RAISED WITH MY PROVINCIAL COUNTERPARTS IN THE HOPE THAT THEY CAN ENCOURAGE MUNICIPALITIES TO ACCEPT ATTRACTIVE MANUFACTURED HOUSING IN THEIR LOCALITY.

THE LACK OF FAVOURABLE FINANCING FOR NEW PARK DEVELOPMENT AND FOR THE UPGRADING OF OLDER PARKS PUTS YOU IN A DIFFICULT POSITION. IT IS HOPED THAT LENDERS WILL REVIEW THEIR LENDING PRACTICES TOWARDS YOUR PRODUCT.

THE CALGARY CONFERENCE LAST MARCH ON THE FUTURE OF MANUFACTURED HOUSING MADE IT CLEAR THAT YOUR INDUSTRY DOES NOT CARRY OUT NEARLY ENOUGH MARKET AND CONSUMER RESEARCH TO HELP YOU BETTER UNDERSTAND CHANGING CUSTOMER NEEDS AND PREFERENCES. I AM WELL AWARE OF YOUR LIMITED RESOURCES TO CARRY OUT RESEARCH. CMHC WILL THEREFORE WORK CLOSELY WITH YOUR INDUSTRY IN RESEARCH TO HELP PROVIDE A BETTER UNDERSTANDING OF OUR CHANGING MARKETPLACE.

NOW I WOULD LIKE TO OUTLINE SOME OF THE THINGS THAT MOST IMPRESSED ME ABOUT MANUFACTURED HOUSING IN JAPAN, THE UNITED STATES AND SWEDEN. AS YOU SAW FROM THE TAPES, THE JAPANESE HAVE HIGHLY AUTOMATED FACTORIES THAT USE ROBOTICS AND CAD AND CAM SYSTEMS. I WAS INTRIGUED BY THE GOVERNMENT'S HOUSE 55 DEMONSTRATION PROGRAM WHICH ASKED THE INDUSTRY, IN 1975, TO PRODUCE AN AFFORDABLE HOME WITH HIGH QUALITY STANDARDS. THIS INITIATIVE SHOWED THE PUBLIC THAT THE GOVERNMENT HAD CONFIDENCE IN MANUFACTURED HOUSING.

TO MY KNOWLEDGE, NO OTHER COUNTRY HAS TAKEN SUCH AN APPROACH AND I THINK CANADA SHOULD EXAMINE THIS CONCEPT. SINCE LAST MAY, WE HAVE HAD A MEMORANDUM OF UNDERSTANDING WITH HOUSING OFFICIALS AT THE MINISTRY OF CONSTRUCTION IN JAPAN AND WILL BE EXCHANGING IDEAS REGULARLY.

I WAS VERY INTERESTED IN THE BUILDING CENTER OF JAPAN WHICH WAS ESTABLISHED IN 1965 AS THE FOCAL POINT WHERE GOVERNMENT, PRIVATE INDUSTRY AND THE ACADEMIC COMMUNITY INTERACT. SINCE ITS INCEPTION, THE CENTER HAS EVALUATED MORE THAN 12 000

TECHNOLOGIES, AND CARRIED OUT RESEARCH AND DEVELOPMENT ON MANY ASPECTS OF MANUFACTURED HOUSING. INFORMATION IS READILY ACCESSIBLE TO THE PUBLIC AND CONSULTANTS ARE AVAILABLE TO PROVIDE ADVICE. THE LATEST MODELS OF MANUFACTURED HOUSING ARE DISPLAYED AT THE HARUMI EXHIBITION CENTER ADJACENT TO THE BUILDING CENTER.

FROM A MARKETING PERSPECTIVE, WHAT IS INDEED IMPRESSIVE ABOUT JAPANESE MANUFACTURERS IS THAT THEIR SALES FORCES ARE FULLY TRAINED IN ALL ASPECTS OF HOUSING, AND MOST FIRMS OFFER 10-YEAR WARRANTIES AND FOLLOW-UP CUSTOMER COUNSELLING. THIS IS IN CONTRAST TO CANADIAN MANUFACTURERS WHO GENERALLY HAVE LIMITED CONTACT WITH CUSTOMERS AFTER THEIR PRODUCT LEAVES THE FACTORY.

FINALLY, I WAS IMPRESSED WITH THE VARIETY OF HOUSE DESIGNS OFFERED IN JAPAN AND THE USE OF THE "FREE PLAN" CONCEPT WHERE INDIVIDUAL CUSTOMERS CAN MODIFY BASIC DESIGNS TO REFLECT THEIR PERSONAL NEEDS AND PREFERENCES. AS A RESULT, THE JAPANESE INDUSTRY HAS BEEN ABLE TO DISPEL COMPLETELY THE PUBLIC IMAGE OF MANUFACTURED HOUSING BEING BORING AND REPETITIVE.



THE FACT THAT THE JAPANESE LIKE WOODEN HOUSES AND HAVE RECENTLY SHOWN INTEREST IN 2 X 4 CONSTRUCTION MAY MEAN THAT CANADA CAN INCREASE ITS EXPORTS OF FOREST PRODUCTS TO JAPAN. ONE ALBERTA-BASED FIRM IS EVEN EXPORTING MANUFACTURED HOUSES.

ONE LAST NOTE ABOUT THE JAPANESE INDUSTRY. MOST PEOPLE THINK OF MANUFACTURED HOUSING PLANTS IN JAPAN AS REQUIRING HUGE VOLUMES TO BE ECONOMICALLY VIABLE. WHILE THIS IS OFTEN TRUE, THE STUDY TEAM FOUND THAT AS HOUSING STARTS KEEP DECLINING, COMPANIES ARE CONSIDERING "MINI" PLANTS TO CATER TO SMALLER, MORE SELECTIVE MARKETS. SEVERAL FIRMS INDICATED THAT MINI PLANTS COULD BE VIABLE WITH PRODUCTION VOLUMES AS LOW AS 70-75 UNITS PER MONTH. THIS SUGGESTS THAT EVEN JAPANESE TECHNIQUES COULD BE WORKABLE IN CERTAIN URBAN MARKETS OF CANADA.

I WAS PARTICULARLY INTERESTED IN THE FINDINGS FROM THE UNITED STATES, GIVEN ITS SIMILARITIES AND CLOSE PROXIMITY TO CANADA. AFFORDABILITY IS ONE OF THE MAIN REASONS FOR THE SUCCESS OF MANUFACTURED HOUSING IN THE U.S.



MANUFACTURED HOUSING ACCOUNTS FOR OVER 80 PER CENT OF NEW HOUSING FOR FAMILIES WITH INCOMES OF LESS THAN \$25 000 PER YEAR. SINGLE-SECTION AND DOUBLE-WIDE MOBILE HOMES PROVIDE VERY AFFORDABLE ACCOMMODATION IN ATTRACTIVE ENVIRONMENTS. OTHER FORMS OF MANUFACTURED HOUSING ARE ABLE TO COMPETE WITH STICK-BUILT HOUSING IN TERMS OF PRICE, QUALITY AND RANGE OF HOUSE DESIGNS. AT THE PRESENT TIME, THE UNITED STATES BOASTS NO LESS THAN 185 COMPANIES, 410 FACTORIES, AND 10 000 HOME SALES CENTRES.

THE WIDESPREAD PUBLICITY GIVEN TO THE ADOPTION OF THE HUD CODE IN 1976 HELPED CONVINCE CONSUMERS THAT THE "HUD SEAL" MEANS A HOME HAS BEEN RIGOROUSLY INSPECTED. I SENSE THAT MORE NEEDS TO BE DONE TO CONVINCE CONSUMERS AND MUNICIPAL OFFICIALS THAT THE CANADIAN Z-240 CODE ENSURES THAT MOBILE HOMES ARE CONSTRUCTED TO HIGH STANDARDS.

SEVERAL STATES SUCH AS CALIFORNIA, MAINE, MINNESOTA, AND INDIANA HAVE PASSED ENABLING LEGISLATION TO PREVENT EXCLUSIONARY ZONING PRACTICES THAT HAVE PREVENTED THE LOCATION OF MANUFACTURED HOUSING WITHIN MANY NEIGHBORHOODS. CMHC OFFICIALS ARE ALREADY

EXAMINING U.S. EXPERIENCES IN BREAKING DOWN BARRIERS. THE AMERICANS HAVE SHOWN THAT BROAD POLITICAL AND LEGISLATIVE SUPPORT TO THE MANUFACTURED HOUSING INDUSTRY MAKES IT POSSIBLE TO PROVIDE A LARGE VOLUME OF GOOD QUALITY HOUSING FOR FAMILIES WHO MAY OTHERWISE BE FORCED TO ACCEPT SUBSTANDARD ACCOMMODATION OR DEPEND UPON PUBLIC SUBSIDIES.

IN MANY RESPECTS, THE SWEDISH INDUSTRY, WHOSE ORIGINS DATE BACK TO THE 1700S, IS THE MOST IMPRESSIVE OF THOSE EXAMINED. DURING THE LAST 10 YEARS, THE INDUSTRY HAS INCREASED ITS SHARE OF THE SWEDISH MARKET FROM 37 PER CENT TO ALMOST 90 PER CENT. AS THE SIZE OF THE DOMESTIC MARKET DECLINED IN RECENT YEARS, SWEDISH MANUFACTURERS DEVELOPED THE CAPABILITY TO TAILOR PRODUCTS TO FOREIGN MARKETS AND NOW 50 PER CENT OF PRODUCTION IS EXPORTED.

THIS IS A LESSON FOR THE CANADIAN INDUSTRY SINCE IT IS ANTICIPATED CANADA'S HOUSING REQUIREMENTS WILL PROGRESSIVELY DECLINE TO APPROXIMATELY 100 000 PER YEAR BY THE END OF THE CENTURY. IT WILL BE IMPORTANT THAT OUR INDUSTRY DEVELOP EXPORT MARKETS TO MAINTAIN PRODUCTION LEVELS.

SWEDISH MANUFACTURED HOUSING IS PROBABLY THE MOST EFFICIENT IN THE WORLD IN TERMS OF THE TOTAL PRODUCTION PROCESS, COMPRISING MANUFACTURING, DELIVERY, ERECTION, FINISHING AND QUALITY CONTROL. A TYPICAL HOUSE CAN BE TOTALLY ERECTED ON SITE IN ONE DAY AND READY FOR OCCUPANCY IN LESS THAN A WEEK.

ONLY SWEDEN WAS ABLE TO BOAST A FULLY INTEGRATED CAD/CAM SYSTEM. EVEN THE JAPANESE ARE AT LEAST TWO YEARS AWAY FROM TOTALLY INTEGRATING COMPUTER ASSISTED DESIGN WITH COMPUTER AIDED MANUFACTURING PROCESSES. LIKE THE JAPANESE, THE SWEDISH PRODUCTS STRESS FLEXIBILITY IN DESIGN TO CATER TO INDIVIDUAL TASTES AND PREFERENCES. THIS IS AN IMPORTANT ISSUE FOR THE FUTURE OF THE MANUFACTURED HOUSING INDUSTRY IN CANADA.

YOU MAY RECALL FROM THE VIDEOTAPE THAT ONE CANADIAN FIRM, THE LION BUILDING SYSTEMS INC., WHICH RECENTLY OPENED A PLANT IN LANGLEY, B.C., UTILIZES THE LATEST SWEDISH TECHNOLOGY. THE FIRST HOMES ROLLED OFF THE ASSEMBLY LINE IN LATE OCTOBER AND HAVE NOW BEEN ERECTED IN DELTA. WE WILL BE MONITORING THIS DEVELOPMENT AND OTHER PRIVATE SECTOR INITIATIVES TO DETERMINE THE MOST

EFFECTIVE WAYS OF IMPROVING THE COMPETITIVE POSITION OF YOUR INDUSTRY.

I HAVE SHARED WITH YOU SOME OF THE MAJOR FINDINGS OF THE STUDY OF YOUR INDUSTRY, ITS PROBLEMS, AND THE LESSONS LEARNED FROM OTHER COUNTRIES. I HOPE THAT OUR PRODUCTION OF TWO VIDEOTAPES WILL HELP TO ILLUSTRATE TO YOUR CLIENTS THAT A VERY REAL POTENTIAL EXISTS FOR MANUFACTURED HOUSING.

THROUGH OUR ACTIONS NOW AND IN THE NEXT SEVERAL MONTHS, WE WILL DEMONSTRATE TO YOU THAT THE FEDERAL GOVERNMENT WISHES TO SEE YOUR INDUSTRY PROSPER. FOR EXAMPLE, IN RESPONSE TO YOUR CONCERNS, A BILL HAS BEEN TABLED IN THE HOUSE TO REDUCE THE FEDERAL SALES TAX ON MANUFACTURED HOUSING. THE CHANGE WILL BE RETROACTIVE TO OCTOBER 17, AND TAX WILL BE PAID ON 50 PER CENT OF THE SELLING PRICE OF A MANUFACTURED HOME, INSTEAD OF 70 PER CENT AS STIPULATED IN THE LAST BUDGET.

MY COLLEAGUES IN EXTERNAL AFFAIRS AND I HAVE ALSO BEEN EXAMINING THE IMPACT OF THE EARTHQUAKE IN MEXICO CITY. WE ARE ASKING THE MEXICAN GOVERNMENT FOR MORE INFORMATION ON THEIR HOUSING REQUIREMENTS AND HOW YOUR INDUSTRY MAY HELP.

WE DO HAVE A FEW MAJOR BARRIERS TO OVERCOME, THE MOST SERIOUS BEING THE NEGATIVE PUBLIC IMAGE OF MANUFACTURED HOUSING. PLANNERS, CONSUMERS, LENDERS, AND EVEN POLITICIANS OFTEN DON'T WANT THIS KIND OF HOUSING IN THEIR MUNICIPALITIES. WITH YOUR HELP, WE WILL EMBARK ON A CAMPAIGN TO CHANGE THESE PUBLIC PERCEPTIONS, AND WE WILL WORK WITH THE PROVINCES TO ENCOURAGE THE INTRODUCTION OF ENABLING LEGISLATION TO ELIMINATE DISCRIMINATORY ZONING PRACTICES.

THE AREA OF FINANCE IS CRUCIAL TO THE FUTURE OF THE INDUSTRY AND DISCUSSIONS WILL BE INITIATED WITH KEY LENDERS TO RE-EXAMINE TRADITIONAL LENDING PRACTICES TO SEE IF THEY CAN OFFER THE INDUSTRY FINANCIAL MECHANISMS FOR PARK DEVELOPMENT AND CONSUMER PURCHASES SIMILAR TO THOSE FOR CONVENTIONAL HOUSING. THE NOTION OF A NATIONAL CHATTEL MORTGAGE LOAN INSURANCE PROGRAM WILL BE



RE-EXAMINED, SINCE ALBERTA AND MANITOBA HAVE BEEN OPERATING SUCCESSFUL PROGRAMS FOR SOME TIME NOW.

I BELIEVE THAT THE ONLY WAY TO CHANGE THE PUBLIC'S PERCEPTION OF MANUFACTURED HOUSING IS BY EXAMPLE. I NEED YOUR INDUSTRY TO BRING FORWARD INNOVATIVE PROPOSALS WHICH SHOW THAT MANUFACTURED HOUSING CAN INCREASE THE RANGE OF CHOICES IN AFFORDABLE QUALITY HOUSING. I LOOK FORWARD TO CO-OPERATION BETWEEN YOUR ORGANIZATION, THE INDUSTRY AND CMHC IN CARRYING OUT RESEARCH AND DEMONSTRATION PROJECTS THAT WILL HELP TO BREAK DOWN BARRIERS AND ENABLE YOUR INDUSTRY TO RESPOND EFFECTIVELY TO CHANGING CONSUMER NEEDS AND PREFERENCES.

THANK YOU VERY MUCH.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
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TORONTO, ONTARIO

NOVEMBER 27, 1985



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



THANK YOU FOR THE KIND INTRODUCTION.

I AM PLEASED TO BE HERE TODAY TO SPEAK TO AN ASSOCIATION WHOSE MEMBERS CONSTITUTE A WEALTH OF KNOWLEDGE AND EXPERIENCE IN ALL FACETS OF CONSTRUCTION AND DEVELOPMENT, COMMERCIAL AND INDUSTRIAL AS WELL AS RESIDENTIAL.

I LOOK FORWARD TO COMMENTING ON MATTERS I KNOW ARE OF PARTICULAR CONCERN TO YOU AND ON PROVIDING YOU WITH A PROGRESS REPORT ON THE HOUSING CONSULTATIONS AND NEW DIRECTIONS WE'RE CURRENTLY CONSIDERING.

YOUR ASSOCIATION, THROUGH YOUR NATIONAL BODY, HAS BEEN AMONG THE MAJOR PARTICIPANTS IN THOSE CONSULTATIONS. UDI SUBMITTED A WELL-THOUGHT-OUT AND CONSTRUCTIVE BRIEF IN RESPONSE TO OUR CONSULTATION PAPER, AND I HAD THE PLEASURE OF MEETING WITH YOUR EXECUTIVE TO DISCUSS YOUR VIEWS AND PROPOSALS. MEMBERS OF MY STAFF AND SENIOR CMHC OFFICIALS HAD ANOTHER, FOLLOW-UP MEETING IN MID-OCTOBER TO PROVIDE FURTHER RESPONSE

TO YOUR PROPOSALS AND TO OUTLINE POSSIBLE HOUSING DIRECTIONS. I SHOULD ALSO ADD THAT YESTERDAY I MET AGAIN WITH EXECUTIVE MEMBERS OF YOUR NATIONAL ASSOCIATION. I WANT YOU TO KNOW THAT I APPRECIATE GREATLY THE COOPERATIVE PARTICIPATION THAT THE DEVELOPMENT INDUSTRY HAS DISPLAYED THROUGHOUT THE CONSULTATION PROCESS.

BEFORE I GET INTO SOME OF THE PARTICULARS OF THE PROCESS, LET ME GIVE YOU A QUICK OVERVIEW OF THE CURRENT HOUSING ENVIRONMENT. I'M DOING THIS PRIMARILY BECAUSE I BELIEVE IT WILL INTEREST YOU, BUT IN PART BECAUSE IT INDICATES SOME OF THE ACHIEVEMENTS OF MY GOVERNMENT IN GETTING THE COUNTRY WELL ON THE ROAD TO ECONOMIC RENEWAL.

A HEALTHY ECONOMY IS A PREREQUISITE FOR A HEALTHY HOUSING AND DEVELOPMENT INDUSTRY, AND THE MAJOR INDICATORS OF THE HEALTH OF CANADA'S ECONOMY ARE VERY ENCOURAGING. THE ECONOMY IS GROWING FASTER THAN FORECAST EARLIER THIS YEAR. WHILE UNEMPLOYMENT REMAINS HIGH, THE FACT IS MORE THAN A QUARTER-OF-A-MILLION MORE CANADIANS ARE WORKING TODAY THAN A YEAR AGO. AND INFLATION REMAINS STEADY AT ABOUT 4 PER CENT, ITS LOWEST LEVEL IN NEARLY 14 YEARS.

THESE DEVELOPMENTS HAVE CONTRIBUTED TO A RETURN OF CONFIDENCE IN THE MARKET AND TO MUCH IMPROVED ACTIVITY IN HOUSING.

HOUSING STARTS IN SEPTEMBER AND OCTOBER WERE PROCEEDING AT AN ANNUAL RATE OF OVER 190,000. THE LAST TIME THESE LEVELS WERE ACHIEVED WAS ABOUT TWO-AND-A-HALF YEARS AGO, WHEN, IN THE MIDST OF AN ECONOMIC RECESSION, GOVERNMENTS IN CANADA TURNED TO SHORT-TERM EXPENDITURE PROGRAMS TO STIMULATE THE HOUSING SECTOR.

IT NOW APPEARS THAT HOUSING STARTS WILL REACH ABOUT 160,000 IN 1985. THIS COMPARES WITH JUST UNDER 135,000 LAST YEAR AND WITH 143,000 FORECAST AT THE BEGINNING OF THIS YEAR. SO AGAIN WE'RE DOING BETTER THAN EXPECTED EARLIER.

THIS SURGE IN HOUSING STARTS IS MAINLY A REFLECTION OF THE MUCH IMPROVED CLIMATE FOR HOMEBUYING IN 1985. MORTGAGE INTEREST RATES - BY FAR THE GREATEST INFLUENCE ON ACCESS TO HOMEOWNERSHIP - ARE CURRENTLY AT THEIR LOWEST LEVELS SINCE EARLY 1979. CANADIANS CAN NOW GET ONE-TO-FIVE-YEAR MORTGAGES AT RATES THAT RANGE BETWEEN 10 AND 12 PER CENT,

AND HOUSE PRICES HAVE REMAINED REASONABLY STABLE IN MOST MARKETS, DESPITE THE STRONG DEMAND. I CAN AGREE WITH A RECENT FORECAST OF THE CANADIAN REAL ESTATE INDUSTRY, WHICH SEES BRIGHT PROSPECTS FOR THE NEXT SEVERAL YEARS AS LONG AS INTEREST RATES STAY AT THEIR PRESENT RELATIVELY LOW AND STABLE LEVELS. CERTAINLY, MY GOVERNMENT WILL DO ALL THAT IT CAN TO ENSURE THAT THEY DO.

A FURTHER WELCOME DEVELOPMENT HAS BEEN THE RECENT RETURN OF LONGER-TERM MORTGAGES. SOME LENDERS ARE NOW OFFERING SEVEN-YEAR TERMS, AND A NUMBER OF LIFE INSURANCE COMPANIES ARE MAKING AVAILABLE 10-YEAR MONEY. THESE MOVES, WHICH PROVIDE FURTHER EVIDENCE OF THE RESTORATION OF CONFIDENCE IN THE MARKET, WILL STRENGTHEN THE SECURITY OF HOMEBUYERS.

IN OCTOBER STARTS OF MULTIPLE-UNIT DWELLINGS WERE UP 56 PER CENT OVER THE SAME MONTH LAST YEAR. HOWEVER, THE APARTMENT VACANCY RATE IN METROPOLITAN AREAS DROPPED IN OCTOBER TO 1.5 PER CENT, DOWN FROM 2.1 PER CENT IN APRIL.

IN MY MEETINGS WITH UDI-CANADA, I HAVE RESPONDED TO ALL OF THE RECOMMENDATIONS MADE IN YOUR RESPONSE TO MY CONSULTATIONS PAPER. I NOW WANT TO COMMENT, FOR THE BENEFIT



OF ALL IN THIS AUDIENCE, ON SOME OF THE MAIN PROPOSALS PUT FORWARD AND LET YOU KNOW WHAT WE'RE DOING ABOUT THEM.

YOUR ASSOCIATION ASKED US TO PURSUE VARIOUS MORTGAGE MARKET INNOVATIONS TO BETTER SERVE CANADIAN HOUSEHOLDS AND PROMOTE INDUSTRY STABILITY. I INTEND TO PROCEED WITH A MORTGAGE-BACKED SECURITIES PROGRAM, WHICH WILL CONTRIBUTE TO THE DEVELOPMENT OF LONGER-TERM, FIXED-RATE MORTGAGES. WE ARE LOOKING CLOSELY AT A PROPOSAL, ADVANCED BY THE CO-OPERATIVE HOUSING SECTOR, INVOLVING AN EXPERIMENT WITH INDEX-LINKED MORTGAGES. I SUPPORT AMENDMENTS TO THE INTEREST ACT. FINALLY, PUBLIC MORTGAGE INSURANCE NEEDS TO CONTINUE TO ENSURE ACCESS TO MORTGAGE FUNDS ACROSS THE COUNTRY.

IN THE AREA OF RENTAL HOUSING, YOU'VE URGED THE GOVERNMENT TO REVIEW TAX-BASED INCENTIVES TO ENSURE THAT THE REAL ESTATE DEVELOPMENT INDUSTRY IS NOT DISCRIMINATED AGAINST IN RELATION TO OTHER FORMS OF INVESTMENT. MY PROVINCIAL COUNTERPARTS AND I HAVE AGREED TO PROPOSE TO OUR RESPECTIVE FINANCE COLLEAGUES A REVIEW OF THE TAX TREATMENT ACCORDED INVESTMENT IN RENTAL HOUSING FROM THE VIEWPOINT OF NEUTRALITY AND EQUITY.

A CONVINCING CASE WAS MADE THAT SHORT-TERM STIMULUS MEASURES DISRUPT THE HOUSING MARKET AND THAT GOVERNMENTS SHOULD REFRAIN FROM USING THEM. AGAIN, MY PROVINCIAL COUNTERPARTS AND I HAVE AGREED THAT GOVERNMENTS SHOULD COMMIT THEMSELVES TO STABLE, LONG-TERM POLICIES IN AREAS AFFECTING THE DEVELOPMENT INDUSTRY AND MINIMIZE EXPENDITURE PROGRAMS DESIGNED TO STIMULATE THE MARKET. I CAN ASSURE YOU THAT THE FEDERAL GOVERNMENT HAS NO INTENTION OF INTRODUCING ANY NEW EXPENDITURE PROGRAMS FOR MARKET HOUSING. IF FUTURE CIRCUMSTANCES SHOULD COMPEL US TO CONSIDER HOUSING STIMULUS MEASURES, THE GOVERNMENT WILL ACT ONLY AFTER CONSULTING WITH INDUSTRY.

I AM WELL AWARE OF YOUR VIEWS ON THE ISSUE OF RENT CONTROLS, BUT AS A FEDERAL MINISTER I INTEND TO RESPECT THE FACT THAT THE MATTER IS UNDER PROVINCIAL JURISDICTION. I WILL NOT GET THE FEDERAL GOVERNMENT EMBROILED IN THE DEBATE. AS I'VE JUST INDICATED, THOUGH, WE HAVE NO INTENTION OF INTERVENING IN THE RENTAL MARKET THROUGH NEW SUPPORT OR STIMULUS PROGRAMS.

YOUR ASSOCIATION HAS ALSO SHOWN A CONSTRUCTIVE INTEREST IN SOCIAL HOUSING. YOU'VE RECOMMENDED, FOR ONE THING, THAT GOVERNMENT EXPENDITURES BE DIRECTED TO ASSISTING ONLY THOSE

IN NEED. THIS, IN FACT, IS ONE OF THE GENERAL CONCLUSIONS THAT HAS EMERGED IN MY CONSULTATIONS WITH HOUSING INTEREST GROUPS AND THE PROVINCES. I BELIEVE, GIVEN THE TIGHT FINANCIAL RESTRAINTS UNDER WHICH THE GOVERNMENT MUST CONTINUE TO OPERATE, PLUS THE MAGNITUDE OF HOUSING NEEDS IN THE COUNTRY, THAT THE ASSISTANCE AVAILABLE MUST BE DIRECTED TO THOSE IN NEED.

IN YOUR SUBMISSION TO ME, YOU STRESSED THE NEED TO IMPROVE FEDERAL-PROVINCIAL COOPERATION IN HOUSING AND TO REMOVE NEEDLESS DUPLICATION. LET ME SIMPLY SAY HERE, BECAUSE I'LL BE PICKING UP ON IT SHORTLY, THAT I'VE GIVEN THIS ISSUE HIGH PRIORITY AND THAT CONSIDERABLE PROGRESS IS BEING MADE IN DEVELOPING NEW AND MORE HARMONIOUS ARRANGEMENTS BETWEEN THE TWO SENIOR LEVELS OF GOVERNMENT IN HOUSING.

I'VE ALREADY TOUCHED ON A NUMBER OF CONCLUSIONS THAT HAVE EMERGED FROM THE HOUSING CONSULTATION PROCESS. WHAT I WOULD LIKE TO DO NOW IS BRIEFLY REVIEW THE PROCESS OUT OF WHICH THESE AND OTHER CONCLUSIONS AROSE AND THEN BRING YOU MORE UP TO DATE ON WHERE WE CURRENTLY STAND.

AS YOU KNOW, THE PROCESS GOT UNDERWAY IN LATE JANUARY WHEN I RELEASED MY CONSULTATION PAPER. ALL MAJOR HOUSING GROUPS IN THE COUNTRY RESPONDED TO IT, AND ALL TOLD I'VE RECEIVED MORE THAN 300 BRIEFS AND LETTERS IN RESPONSE TO THE PAPER FROM A WIDE RANGE OF INTERESTED GROUPS AND INDIVIDUALS FROM ALL PARTS OF THE COUNTRY.

FOLLOWING THE RECEIPT OF BRIEFS, MY PARLIAMENTARY SECRETARY, MR. JOE PRICE, AND I INITIATED A SERIES OF MEETINGS WITH HOUSING INTEREST GROUPS. DURING MARCH AND APRIL WE MET WITH SOME 20 GROUPS REPRESENTING THE FULL RANGE OF INTERESTS INVOLVED IN HOUSING.

THESE GROUPS INCLUDED INDUSTRY ASSOCIATIONS SUCH AS THE CANADIAN HOME BUILDERS' ASSOCIATION AS WELL AS THE UDI; FINANCIAL GROUPS SUCH AS THE CANADIAN BANKERS' ASSOCIATION, THE CAISSES POPULAIRES AND THE CANADIAN CO-OPERATIVE CREDIT SOCIETY; GROUPS INVOLVED IN SOCIAL HOUSING SUCH AS THE CO-OPERATIVE HOUSING FOUNDATION; GROUPS INVOLVED IN REHABILITATION SUCH AS THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS; AND GROUPS REPRESENTING MUNICIPALITIES SUCH AS THE FEDERATION OF CANADIAN MUNICIPALITIES.

EQUALLY IMPORTANT, WE CONSULTED DIRECTLY WITH ORGANIZATIONS REPRESENTING THE POOR, THE ELDERLY, THE DISABLED, AND ABORIGINALS; RESPECTIVELY, THE NATIONAL ANTI-POVERTY ORGANIZATION, THE NATIONAL ADVISORY COUNCIL ON AGING, THE COALITION OF PROVINCIAL ORGANIZATIONS OF THE HANDICAPPED, AND THE NATIVE COUNCIL OF CANADA.

THESE ARE ONLY SOME EXAMPLES, BUT I THINK THEY SHOW THE RANGE OF GROUPS CONSULTED. FROM THE VERY BEGINNING, I WAS COMMITTED TO AN OPEN, BALANCED AND THOROUGH REVIEW AND TO BUILDING A GENUINELY NATIONAL CONSENSUS ON HOUSING.

REGARDLESS OF WHETHER WE WERE ABLE TO MEET PERSONALLY WITH GROUPS, WE PROVIDED RESPONSES IN ALL CASES TO THE VARIOUS BRIEFS AND MANY LETTERS I RECEIVED. OVER THE SUMMER THESE RESPONSES WERE CAREFULLY ANALYSED, AND THEN WE BEGAN INTENSIVE CONSIDERATION OF THE HOUSING DIRECTIONS WE MIGHT PURSUE.

FURTHER, IN SEPTEMBER I INSTRUCTED MEMBERS OF MY STAFF AND SENIOR CMHC OFFICIALS TO UNDERTAKE A ROUND OF FOLLOW-UP MEETINGS WITH KEY HOUSING INTEREST GROUPS SUCH AS THE UDI.



THE PURPOSE OF THESE MEETINGS WAS TO INFORM THE GROUPS ABOUT FEDERAL-PROVINCIAL DISCUSSIONS ON HOUSING, TO PROVIDE FURTHER RESPONSES TO PROPOSALS CONTAINED IN BRIEFS, AND TO OUTLINE AND DISCUSS POSSIBLE DIRECTIONS.

AT THE SAME TIME WE WERE CONSULTING WITH INTEREST GROUPS, WE WERE ALSO ENGAGED IN EXTENSIVE DISCUSSIONS WITH THE PROVINCES AND TERRITORIES. THESE DISCUSSIONS HAVE FOCUSSED ON BETTER COORDINATING FEDERAL-PROVINCIAL HOUSING ACTIVITIES, ON ELIMINATING NEEDLESS ADMINISTRATIVE DUPLICATION, AND ON REBALANCING, ON A NATIONAL BASIS, THE RELATIVE SOCIAL HOUSING EXPENDITURES OF BOTH LEVELS OF GOVERNMENT.

AT OUR CONFERENCE IN CALGARY IN EARLY JULY, MY PROVINCIAL COUNTERPARTS AND I ACHIEVED CONSENSUS ON A NUMBER OF ISSUES RELATED TO BOTH SOCIAL AND MARKET HOUSING. I MENTIONED SEVERAL OF THESE POINTS OF AGREEMENT EARLIER, PARTICULARLY THE ONES PERTAINING TO MARKET HOUSING. BUT I WANT TO ADD HERE THAT WE REACHED AGREEMENT ON A SET OF PRINCIPLES TO GOVERN FUTURE FEDERAL-PROVINCIAL-TERRITORIAL ACTIVITIES IN SOCIAL HOUSING.

THE FACT THAT THE PRINCIPLES THAT CAME OUT OF THE CALGARY MEETING INCLUDE POSSIBLE PROVINCIAL DELIVERY OF SOCIAL



HOUSING PROGRAMS HAS LED TO CONCERNS FROM SOME QUARTERS THAT THE FEDERAL GOVERNMENT MIGHT BE REDUCING ITS COMMITMENT TO SOCIAL HOUSING AND SIMPLY HANDING IT OVER TO THE PROVINCES. SUCH CONCERNS ARE TOTALLY UNFOUNDED. WE HAVE NO INTENTION OF LESSENING OUR COMMITMENT. WHAT THE PRINCIPLE ALLOWS FOR IS PROVINCIAL DELIVERY UNDER CONDITIONS ACCEPTABLE TO BOTH ORDERS TO GOVERNMENT. I CAN TELL YOU THAT FROM THE FEDERAL POINT OF VIEW THOSE CONDITIONS MUST INCLUDE ASSURANCES THAT FEDERAL HOUSING OBJECTIVES ARE MET AND THAT FEDERAL ACCOUNTABILITY IS ASSURED.

THE CONSULTATION PROCESS HAS RESULTED IN THE EMERGENCE OF A NEW CONSENSUS AMONG BOTH HOUSING INTEREST GROUPS AND THE PROVINCES ON THE DIRECTIONS WE SHOULD PURSUE. I THINK THE FOLLOWING STATEMENTS, WHICH SUMMARISE WHAT I CALL THE PARAMETERS OF THIS CONSENSUS, WILL GIVE YOU A GOOD IDEA OF THE DIRECTIONS I SEE US TAKING:

- ° I AM COMMITTED TO ASSISTING HOUSEHOLDS WHO CANNOT AFFORD SUITABLE AND ADEQUATE SHELTER IN THE PRIVATE MARKET.
- ° I AM COMMITTED TO THE CONTINUATION OF NON-PROFIT AND CO-OPERATIVE HOUSING AS A WAY OF ASSISTING THOSE WHO CANNOT AFFORD ACCOMMODATION IN THE PRIVATE MARKET.

- ° I AGREE THAT WE NEED A PACKAGE OF SOCIAL HOUSING PROGRAMS COMPRISING NON-PROFIT HOUSING, RENT SUPPLEMENT AND RENOVATION ASSISTANCE SO THAT THE MOST COST-EFFECTIVE SOCIAL HOUSING STRATEGIES CAN BE UNDERTAKEN IN LIGHT OF DIFFERENCES IN MARKET CONDITIONS AND THE HOUSING STOCK.
- ° I WILL NOT INCREASE THE FEDERAL RENT-TO-INCOME SCALE TO 30 OR 35 PER CENT AS SOME PROPOSED DURING THE CONSULTATIONS.
- ° I AM INTERESTED IN ASSISTING THE GREATEST POSSIBLE NUMBER OF HOUSEHOLDS IN NEED WITHIN THE BUDGET CONSTRAINTS WE FACE. IF THIS REQUIRES GREATER PROVINCIAL CONTRIBUTIONS ON A NATIONAL BASIS, I WOULD WELCOME SUCH ADDITIONAL ASSISTANCE.
- ° I AM COMMITTED TO FEDERAL OBJECTIVES AND TO MEASURES THAT ENSURE FEDERAL OBJECTIVES ARE ACHIEVED. THIS MEANS ACCESS TO FEDERAL PROGRAMS IN ALL PARTS OF THE COUNTRY AND FOR ALL GROUPS IN NEED.
- ° I WANT TO COORDINATE FEDERAL AND PROVINCIAL ACTIONS AND REDUCE DUPLICATION BETWEEN GOVERNMENTS.
- ° I AGREE THAT WE HAVE TO DO A MUCH BETTER JOB OF PLANNING OUR SOCIAL HOUSING STRATEGIES, AND FOR THIS REASON I WANT TO ENTER INTO A THREE-YEAR PLANNING PROCESS WITH THE PROVINCES, WHO IN TURN, I HOPE, WILL ENGAGE THEIR MUNICIPALITIES.

- I WANT TO FOSTER SECURITY OF TENURE FOR MODERATE-INCOME HOUSEHOLDS WHO CANNOT AFFORD HOMEOWNERSHIP, AND I'M LOOKING TO THE CO-OPERATIVE HOUSING SECTOR TO PLAY AN IMPORTANT ROLE HERE.
- I WANT TO HELP CREATE A CLIMATE OF STABILITY AND CERTAINTY FOR THE PRIVATE SECTOR.
- I WANT TO FOSTER SECURITY FOR HOMEOWNERS BY ENCOURAGING THE PRIVATE DEVELOPMENT OF LONGER-TERM, FIXED-INTEREST-RATE MORTGAGES THROUGH MORTGAGE-BACKED SECURITIES.
- FINALLY, I WANT TO CONTINUE TO FACILITATE ACCESS TO HOMEOWNERSHIP THROUGH PUBLIC MORTGAGE INSURANCE AND THE PROVISION OF HIGH-RATIO MORTGAGES.

ALL OF THESE DIRECTIONS CAME THROUGH LOUD AND CLEAR IN THE CONSULTATION PROCESS, AND I BELIEVE THEY REPRESENT A CONSENSUS AMONG INTEREST GROUPS AND THE PROVINCES.

YOUR ASSOCIATION, THROUGH ITS BRIEF AND THROUGH THE MEETINGS WE'VE HAD WITH UDI REPRESENTATIVES, HAS MADE A SUBSTANTIAL CONTRIBUTION TO THE PROCESS. I THANK YOU AGAIN FOR YOUR COOPERATION AND CONSTRUCTIVE ADVICE. AS WE ENTER THE FINAL STAGES OF THE PROCESS, I INTEND TO CONTINUE TO LOOK TO THE CONTINUED COUNSEL AND COOPERATION SHOWN BY ALL HOUSING INTEREST GROUPS THROUGHOUT THE PAST YEAR.

THANK YOU.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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PORTAGE LA PRAIRIE, MANITOBA

DECEMBER 2, 1985



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





THANK YOU FOR THE WARM WELCOME.

LADIES AND GENTLEMEN, I ALWAYS APPRECIATE AN OPPORTUNITY TO RETURN HOME TO THE PRAIRIES, AND FIND IT A PARTICULAR PLEASURE TO BE HERE THIS MORNING TO ADDRESS AN IMPORTANT ORGANIZATION SUCH AS YOURS, WHICH BRINGS TOGETHER LOCAL GOVERNMENT LEADERS AND DECISION-MAKERS IN MANITOBA. YOU PLAY VITAL ROLES IN SHAPING THE QUALITY OF LIFE IN OUR COUNTRY AND IN ENSURING CANADA'S ECONOMIC STRENGTH.

I WANT TO TALK TO YOU TODAY ABOUT AN AREA OF FEDERAL POLICY WITH CONSIDERABLE IMPLICATIONS FOR MUNICIPALITIES, NAMELY, HOUSING. SINCE THE EARLY MONTHS OF THIS YEAR, I'VE BEEN ENGAGED IN EXTENSIVE CONSULTATIONS WITH HOUSING INTEREST GROUPS AND THE PROVINCES WITH THE PURPOSE OF BUILDING A CONSENSUS ON FEDERAL DIRECTIONS IN HOUSING. YOUR NATIONAL ASSOCIATION HAS BEEN AMONG THE MAJOR PARTICIPANTS IN THIS PROCESS, AND I WANT YOU TO KNOW HOW MUCH I'VE APPRECIATED THEIR COOPERATION AND CONSTRUCTIVE COUNSEL.

TODAY, I WILL BE BRINGING YOU UP-TO-DATE ON THE CONSULTATION PROCESS, ON THE DIRECTIONS WE ARE CURRENTLY CONSIDERING, AND

ON HOW THOSE DIRECTIONS RESPOND TO SOME OF THE MAIN PROPOSALS YOU HAVE MADE TO ME. BUT BEFORE DOING SO, LET ME TAKE A COUPLE OF MINUTES TO EXPLAIN WHAT WE HAVE BEEN DOING IN HOUSING IN A LARGER CONTEXT.

IT'S BEEN NEARLY FIFTEEN MONTHS SINCE MY GOVERNMENT ASSUMED OFFICE. WHAT WE OFFERED CANADIANS, AND WHAT CANADIANS VOTED OVERWHELMINGLY FOR, WAS A NEW AGENDA OF NATIONAL RECONCILIATION AND ECONOMIC RENEWAL.

BY NATIONAL RECONCILIATION WE MEAN RE-OPENING DIALOGUE BETWEEN THE FEDERAL AND PROVINCIAL GOVERNMENTS AND REPLACING CONFRONTATION AND CONFLICT WITH COOPERATION AND A SENSE OF PARTNERSHIP.

THIS THEME HAS OBVIOUS IMPLICATIONS FOR HOUSING. THE FEDERAL, PROVINCIAL AND MUNICIPAL LEVELS OF GOVERNMENT PLAY LARGE ROLES IN HOUSING. GOVERNMENTS NEED TO WORK TOGETHER COOPERATIVELY, AND I HAVE GIVEN THIS HIGH PRIORITY.

THE SECOND MAIN OBJECTIVE TO WHICH MY GOVERNMENT IS STRONGLY COMMITTED IS ECONOMIC RENEWAL. WHEN WE CAME TO OFFICE THERE WAS A PRESSING NEED TO IMPROVE THE ENVIRONMENT FOR PRIVATE ECONOMIC ACTIVITIES AND ENTREPRENEURSHIP AND TO LAY THE GROUNDWORK FOR SUSTAINED ECONOMIC GROWTH AND JOB CREATION.

AGAIN, THIS HAS IMPLICATIONS FOR HOUSING. IN RECENT YEARS THE HOUSING INDUSTRY HAS SUFFERED FROM INTEREST RATE VOLATILITY AND ON-AGAIN-OFF-AGAIN GOVERNMENT STIMULUS MEASURES. THEY WANTED STABILITY AND ECONOMICALLY SOUND AND RESPONSIBLE POLICIES FROM GOVERNMENTS.

I BELIEVE MY GOVERNMENT HAS MADE A SOLID START TOWARDS FULFILLING THIS PART OF OUR MANDATE AS WELL. LOOK AT SOME OF THE KEY INDICATORS OF THE HEALTH OF OUR ECONOMY AND HOUSING MARKET:

- ° THE LATEST FIGURES SHOW THE ECONOMY GROWING SIGNIFICANTLY FASTER THAN FORECAST EARLIER THIS YEAR.
- ° IN OCTOBER, 322,000 MORE CANADIANS WERE WORKING THAN IN THE SAME MONTH A YEAR AGO. IN MANITOBA, THE NUMBER OF PEOPLE EMPLOYED IS UP SOME 20,000.
- ° CANADA'S INFLATION RATE REMAINS STEADY AT ABOUT 4 PER CENT, ITS LOWEST LEVEL IN NEARLY 14 YEARS. IN WINNIPEG, THE RATE IS SLIGHTLY UNDER THE NATIONAL LEVEL.
- ° HOUSING STARTS IN OCTOBER WERE PROCEEDING AT AN ANNUAL RATE OF OVER 190,000. IT LOOKS NOW AS IF HOUSING STARTS

FOR 1985 MIGHT REACH ABOUT 160,000, AN INCREASE OF MORE THAN 25,000 OVER LAST YEAR'S LEVEL.

- ° AND MORTGAGE INTEREST RATES, THE MAIN INFLUENCE ON ACCESS TO HOMEOWNERSHIP, ARE CURRENTLY AT THEIR LOWEST LEVELS SINCE EARLY 1979. WHAT IS MORE, LONGER-TERM MORTGAGES, THAT IS, 7 AND 10-YEAR MONEY, HAVE STARTED TO REAPPEAR IN THE MARKET.

ALL THIS IS GOOD NEWS FOR ALL LEVELS OF GOVERNMENT, AS WELL AS FOR CANADIANS IN GENERAL. WHAT THESE DEVELOPMENTS SIGNAL IS A RESTORATION OF CONFIDENCE AMONGST CANADIANS IN THE ECONOMY. AND THIS IS AN INDISPENSABLE FACTOR IN RENEWING CANADA'S ECONOMIC VITALITY.

IT WAS MY GOVERNMENT'S COMMITMENT TO ECONOMIC RENEWAL THAT FORMALLY GAVE RISE TO MY HOUSING REVIEW AND CONSULTATIONS. YOU WILL RECALL MY COLLEAGUE THE MINISTER OF FINANCE'S ECONOMIC STATEMENT OF NOVEMBER 1984. IN THIS STATEMENT AND THE DOCUMENT THAT ACCOMPANIED IT CALLED "AN AGENDA FOR ECONOMIC RENEWAL", MR. WILSON SET OUT THE MAJOR DIRECTIONS OUR GOVERNMENT BELIEVES WE MUST TAKE. HIS STATEMENT FOCUSED ON THE NEED FOR THE FEDERAL GOVERNMENT TO PUT ITS OWN FISCAL HOUSE IN ORDER, AS WELL AS ON THE NEED TO IMPROVE



FEDERAL-PROVINCIAL COOPERATION AND THE ENVIRONMENT FOR PRIVATE-SECTOR ACTIVITIES. IT MADE CLEAR THAT FISCAL RESTRAINT WILL REMAIN AN OVERRIDING FACT OF LIFE FOR THE GOVERNMENT FOR MANY YEARS TO COME AND THAT THE RESOURCES AVAILABLE TO US MUST BE PUT TO THEIR BEST USE.

AS I'VE MENTIONED, THE ISSUES RAISED HAD IMPLICATIONS FOR HOUSING. BUT WE PLEDGED THAT BEFORE MAKING NEEDED CHANGES TO FEDERAL HOUSING POLICIES AND PROGRAMS, WE WOULD CONSULT WIDELY WITH CANADIANS. HENCE THE HOUSING REVIEW AND CONSULTATION PROCESS WAS BORN.

THAT IS SOME OF THE BACKGROUND TO WHAT HAS BEEN GOING ON IN HOUSING OVER THE PAST YEAR. I WOULD LIKE TO TALK A BIT ABOUT THE PROCESS ITSELF AND YOUR INVOLVEMENT IN IT, AND THEN I WILL MOVE ON TO OUTLINE THE NEW DIRECTIONS THAT ARE EMERGING AND HOW THEY RELATE TO SOME OF THE MAIN PROPOSALS YOU MADE TO ME.

I INAUGURATED THE PROCESS LAST JANUARY WITH THE RELEASE OF MY CONSULTATION PAPER ON HOUSING. THIS PAPER INDICATED MY OPEN-MINDED APPROACH TO THE HOUSING REVIEW. IT DID NOT SUGGEST PREFERRED POLICY DIRECTIONS. RATHER IT FOCUSSED ON SETTING OUT THE MAIN CHALLENGES GOVERNMENTS FACE IN HOUSING, ON IDENTIFYING BASIC ISSUES, AND ON RAISING KEY QUESTIONS.

ONE OF THE CONCERNS YOU HAD ABOUT THE CONSULTATION PAPER ITSELF WAS THE LACK OF ANY ELABORATION ON THE ROLE OF MUNICIPALITIES IN HOUSING. I CAN ASSURE YOU WE HAD NO INTENTION OF IGNORING OR DOWNPLAYING THE IMPORTANCE OF THAT ROLE, FOR I APPRECIATE FULLY YOUR INVOLVEMENT IN SOCIAL HOUSING AND REHABILITATION AND THE INFLUENCE LOCAL GOVERNMENTS EXERCISE ON THE PACE AND VOLUME OF RESIDENTIAL DEVELOPMENT. IN THE PAPER WE WANTED TO FOCUS ON ISSUES DIRECTLY RELATED TO FEDERAL HOUSING POLICIES AND PROGRAMS AND TO RELATIONS BETWEEN THE FEDERAL AND PROVINCIAL GOVERNMENTS. THE PAPER SPECIFICALLY NAMED THE FEDERATION OF CANADIAN MUNICIPALITIES AS A GROUP WHOSE MEMBERS PLAY A MAJOR ROLE IN HOUSING AND AS ONE OF THE KEY HOUSING GROUPS WHOSE PARTICIPATION IN THE CONSULTATION PROCESS WE VIEWED AS VITAL. YOUR IMPORTANT ROLE IN HOUSING WAS RECOGNIZED.

NOW, BACK TO THE CONSULTATION PROCESS.

IN THE LATE WINTER AND SPRING, AFTER WE RECEIVED BRIEFS FROM VARIOUS HOUSING GROUPS, MY PARLIAMENTARY SECRETARY AND I INITIATED A SERIES OF MEETINGS WITH A WIDE RANGE OF GROUPS INTERESTED IN HOUSING. THE PARTICIPANTS INCLUDED INDUSTRY ASSOCIATIONS, MORTGAGE LENDERS, GROUPS INVOLVED IN SOCIAL HOUSING AND REHABILITATION, AND GROUPS REPRESENTING THE



POOR, THE ELDERLY, THE DISABLED, AND ABORIGINAL PEOPLES, AS WELL AS MUNICIPAL INTERESTS.

I WANT YOU ALL TO KNOW THAT YOUR NATIONAL ASSOCIATION HAS PLAYED A MAJOR PART IN THE PROCESS. YOUR ASSOCIATION SUBMITTED A WELL PRESENTED AND CONSTRUCTIVE BRIEF IN EARLY MARCH, AND LATER THAT MONTH I HAD THE PLEASURE OF MEETING WITH YOUR NATIONAL EXECUTIVE TO DISCUSS THEIR VIEWS AND PROPOSALS. I APPRECIATE GREATLY YOUR COOPERATION AND HELPFUL ADVICE.

IN ADDITION TO THE BRIEFS SUBMITTED BY MAJOR HOUSING INTEREST GROUPS SUCH AS THE FCM, I RECEIVED ABOUT 300 BRIEFS AND LETTERS FROM A WIDE RANGE OF OTHER GROUPS AND INDIVIDUALS CONCERNED ABOUT VARIOUS ASPECTS OF FEDERAL HOUSING POLICIES AND PROGRAMS. THIS TOTAL INCLUDED SUBMISSIONS AND LETTERS FROM OVER 30 DIFFERENT MUNICIPAL BODIES AND REPRESENTATIVES FROM ACROSS THE COUNTRY. THESE INPUTS CONSTITUTE FURTHER MUNICIPAL PARTICIPATION IN MY CONSULTATIONS.

IN ALL CASES, REGARDLESS OF WHETHER WE WERE ABLE TO MEET PERSONALLY WITH GROUPS, WE PROVIDED RESPONSES TO THE BRIEFS AND LETTERS. OVER THE SUMMER THESE RESPONSES WERE CAREFULLY ANALYZED, AND THEN WE BEGAN INTENSIVE CONSIDERATION OF THE NEW DIRECTIONS WE MIGHT PURSUE.

BUT THAT DID NOT MARK THE END OF OUR DIRECT CONSULTATIONS. IN SEPTEMBER, I INSTRUCTED MEMBERS OF MY STAFF AND SENIOR CMHC OFFICIALS TO UNDERTAKE A ROUND OF FOLLOW-UP MEETINGS WITH HOUSING GROUPS SUCH AS THE FCM. THE PURPOSE OF THESE MEETINGS, WHICH TOOK PLACE THROUGHOUT OCTOBER, WAS TO PROVIDE FURTHER RESPONSE TO PROPOSALS CONTAINED IN BRIEFS, TO INFORM GROUPS ABOUT THE STATUS OF OUR DISCUSSIONS WITH THE PROVINCES, AND TO OUTLINE THE DIRECTIONS WE WERE CONSIDERING. I SHOULD MENTION HERE THAT I WILL BE MEETING WITH THE FEDERATION OF CANADIAN MUNICIPALITIES' EXECUTIVE IN OTTAWA.

ONE OF THE REASONS I HAVE OUTLINED THE PROCESS WE HAVE FOLLOWED, BESIDES WANTING TO INFORM YOU ABOUT HOW MUNICIPAL INTERESTS HAVE BEEN REPRESENTED, IS TO ADDRESS ANY SUGGESTION THAT WE HAVE PURPOSELY OR OTHERWISE EXCLUDED PARTICIPANTS AND ENGAGED IN CLOSED CONSULTATIONS WITH A FEW GROUPS REPRESENTING LIMITED INTERESTS IN HOUSING. FROM THE VERY BEGINNING, I WAS COMMITTED TO AN OPEN, FAIR AND THOROUGH REVIEW.

I WANTED ALL PERSPECTIVES CONSIDERED, AND I WELCOMED, INDEED ENCOURAGED, THE PARTICIPATION OF ALL INTERESTED PARTIES. THE FULL RANGE OF GROUPS INTERESTED IN HOUSING HAVE BEEN GIVEN AN OPPORTUNITY TO PARTICIPATE IN THE PROCESS, AND I

KNOW THAT GROUPS SUCH AS THE FCM APPRECIATE THE SINCERE EFFORTS WE HAVE MADE TO CONSIDER THEIR VIEWS AND INVOLVE THEM IN THE POLICY-DEVELOPMENT PROCESS.

AT THE SAME TIME AS WE WERE CONSULTING WITH HOUSING INTEREST GROUPS, WE WERE ALSO ENGAGED IN INTENSIVE DISCUSSIONS WITH PROVINCIAL AND TERRITORIAL GOVERNMENTS. THESE DISCUSSIONS HAVE FOCUSED ON BETTER COORDINATING FEDERAL-PROVINCIAL HOUSING ACTIVITIES, ON ELIMINATING NEEDLESS AND WASTEFUL DUPLICATION IN PROGRAM ADMINISTRATION, AND ON REBALANCING, ON A NATIONAL BASIS, THE RELATIVE SOCIAL HOUSING EXPENDITURES OF BOTH LEVELS OF GOVERNMENT.

AT OUR CONFERENCE IN CALGARY IN EARLY JULY, MY PROVINCIAL COUNTERPARTS AND I ACHIEVED CONSENSUS ON A NUMBER OF MATTERS RELATED TO BOTH SOCIAL AND MARKET HOUSING. IN PARTICULAR, WE AGREED TO A SET OF PRINCIPLES TO GOVERN FUTURE FEDERAL-PROVINCIAL-TERRITORIAL ACTIVITIES IN SOCIAL HOUSING. AS I AM SURE YOU ALL KNOW, THESE PRINCIPLES INCLUDE POSSIBLE PROVINCIAL DELIVERY OF PROGRAMS UNDER CONDITIONS ACCEPTABLE TO BOTH LEVELS OF GOVERNMENT.

I WILL BE SAYING MORE ABOUT WHAT CAME OUT OF THE CALGARY MEETING AS I TALK ABOUT THE GENERAL DIRECTIONS THAT HAVE

EMERGED IN MY CONSULTATIONS WITH HOUSING GROUPS AND THE PROVINCES AND RELATE THESE TO PROPOSALS YOU MADE TO ME.

IN YOUR BRIEF TO ME, YOU CALLED FOR IMPROVED TARGETTING IN SOCIAL HOUSING AND FOR A MIX OF PROGRAMS THAN CAN BE APPLIED WITH FLEXIBILITY TO MEET LOCAL CONDITIONS. YOU ALSO CALLED FOR BETTER PLANNING BETWEEN THE TWO SENIOR LEVELS OF GOVERNMENT SO THAT MUNICIPALITIES CAN BETTER PLAN THEIR SOCIAL HOUSING STRATEGIES.

I AM COMMITTED TO ASSISTING HOUSEHOLDS WHO CANNOT AFFORD SUITABLE AND ADEQUATE SHELTER IN THE PRIVATE MARKET. I BELIEVE WE NEED A PACKAGE OF SOCIAL HOUSING PROGRAMS COMPRISING NON-PROFIT HOUSING, RENT SUPPLEMENT AND RENOVATION ASSISTANCE, SO THAT THE MOST COST-EFFECTIVE SOCIAL HOUSING STRATEGIES CAN BE UNDERTAKEN IN LIGHT OF DIFFERENCES IN MARKET CONDITIONS AND THE HOUSING STOCK. AND I AGREE THAT WE HAVE TO DO A MUCH BETTER JOB OF PLANNING OUR SOCIAL HOUSING STRATEGIES, AND FOR THIS REASON I WANT TO ENTER INTO A THREE-YEAR PLANNING PROCESS WITH THE PROVINCES, WHO IN TURN, I HOPE, WILL ENGAGE THEIR MUNICIPALITIES.

THE FACT THAT THE PRINCIPLES THAT CAME OUT OF THE CALGARY MEETING INCLUDE POSSIBLE PROVINCIAL DELIVERY OF SOCIAL



HOUSING PROGRAMS HAS LED TO CONCERNS FROM SOME QUARTERS THAT THE FEDERAL GOVERNMENT MIGHT BE REDUCING ITS COMMITMENT TO SOCIAL HOUSING AND SIMPLY HANDING IT OVER TO THE PROVINCES. SUCH CONCERNS ARE TOTALLY UNFOUNDED. WE HAVE NO INTENTION OF LESSENING OUR COMMITMENT. WHAT THE PRINCIPLE ALLOWS FOR IS PROVINCIAL DELIVERY UNDER CONDITIONS ACCEPTABLE TO BOTH ORDERS OF GOVERNMENT, AND I CAN TELL YOU THAT, FROM THE FEDERAL POINT OF VIEW, THOSE CONDITIONS MUST INCLUDE ASSURANCES THAT FEDERAL HOUSING OBJECTIVES ARE MET AND THAT FEDERAL ACCOUNTABILITY IS ASSURED. THOSE OBJECTIVES INCLUDE ACCESS TO FEDERAL PROGRAMS IN ALL PARTS OF THE COUNTRY AND FOR ALL GROUPS IN NEED.

DURING MY CONSULTATIONS, A NUMBER OF GROUPS SUGGESTED THAT WE CONSIDER A SHELTER ALLOWANCE PROGRAM. I KNOW THAT YOUR NATIONAL ASSOCIATION HAS CONCERNS ABOUT SHELTER ALLOWANCES, AND SO DO I. FOR ONE THING, THERE IS CONSIDERABLE UNCERTAINTY ABOUT THE COSTS OF SHELTER ALLOWANCES, AND OVER TIME THEY COULD PROVE TOO EXPENSIVE. FOR ANOTHER, SHELTER ALLOWANCES WOULD DO NOTHING TO ADD TO THE STOCK OF HOUSING AVAILABLE TO LOW-INCOME HOUSEHOLDS IN SOME MARKET AREAS. AND A THIRD REASON FOR NOT EMBRACING A SHELTER ALLOWANCE PROGRAM IS THAT IT WOULD NOT DEAL WITH THE HOUSING PROBLEMS FACED BY SPECIAL-NEEDS GROUPS SUCH AS THE ELDERLY AND THE HANDICAPPED.

YOU ALSO URGED THE FEDERAL GOVERNMENT TO HELP STABILIZE HOUSING ACTIVITY. I WANT TO HELP CREATE A CLIMATE OF STABILITY AND CERTAINTY FOR THE PRIVATE SECTOR. I WANT TO FOSTER SECURITY FOR HOMEOWNERS BY ENCOURAGING THE PRIVATE DEVELOPMENT OF LONGER-TERM, FIXED-INTEREST-RATE MORTGAGES THROUGH MORTGAGE-BACKED SECURITIES. FURTHER, I WANT TO FACILITATE ACCESS TO HOMEOWNERSHIP THROUGH CONTINUED PUBLIC MORTGAGE INSURANCE AND THE PROVISION OF HIGH-RATIO MORTGAGES.

AT OUR CALGARY CONFERENCE, THE PROVINCES AND I AGREED THAT GOVERNMENTS SHOULD COMMIT THEMSELVES TO STABLE, LONG-TERM POLICIES AND MINIMIZE EXPENDITURE PROGRAMS DESIGNED TO STIMULATE THE HOUSING MARKET. WE ALSO ACCEPTED A REPORT THAT INCLUDED A RECOMMENDATION SPECIFICALLY ADDRESSED TO MUNICIPALITIES. THE PROPOSAL ASKED THAT MUNICIPAL GOVERNMENTS BE ENCOURAGED TO REVIEW THEIR APPROVAL PROCESSES AND REGULATIONS WITH A VIEW TOWARDS REDUCING COSTS TO THE DEVELOPMENT INDUSTRY. I KNOW YOU ARE WELL AWARE OF BUILDERS' CONCERNS IN THIS REGARD. HERE IS A MATTER WITHIN YOUR JURISDICTION.

THE LAST SUBJECT I'LL TOUCH ON CONCERNS CO-OPERATIVE HOUSING. I WANT TO FOSTER SECURITY OF TENURE FOR MODERATE-



INCOME HOUSEHOLDS WHO CANNOT AFFORD HOMEOWNERSHIP, AND I'M LOOKING TO THE CO-OPERATIVE HOUSING SECTOR TO PLAY AN IMPORTANT ROLE HERE. DURING MY CONSULTATIONS, THE CO-OPERATIVE HOUSING FOUNDATION CAME FORWARD WITH AN INNOVATIVE PROPOSAL FOR FINANCING CO-OPERATIVE HOUSING WITH REDUCED GOVERNMENT EXPENDITURES. THE PROPOSAL IS BASED ON THE USE OF INDEX-LINKED MORTGAGES. I KNOW THAT YOU EXPRESSED AN INTEREST IN APPLYING SUCH MORTGAGES TO SOCIAL HOUSING PROGRAMS. WE ARE CONTINUING TO CONSULT VERY CLOSELY WITH THE CHF ON THEIR PROPOSAL AND HOPE TO DEVELOP AN EXPERIMENTAL PROGRAM LIMITED TO THE CO-OPERATIVE HOUSING SECTOR. THIS EXPERIMENT WILL BE CAREFULLY MONITORED TO DETERMINE IF IT CAN BE EXTENDED ON A MORE GENERAL BASIS.

ALL OF THE DIRECTIONS I'VE JUST OUTLINED HAVE COME OUT OF MY CONSULTATIONS, AND I BELIEVE THEY REPRESENT A CONSENSUS AMONG HOUSING GROUPS AND THE PROVINCES.

YOU, THROUGH YOUR NATIONAL ASSOCIATION'S ACTIVE PARTICIPATION IN THE CONSULTATION PROCESS, HAVE MADE A MOST VALUABLE CONTRIBUTION TO OUR HOUSING REVIEW AND TO THE POLICY DIRECTIONS THAT ARE EMERGING. I WANT TO EXPRESS MY THANKS TO YOU FOR YOUR COOPERATION AND ADVICE, WHICH WERE GREATLY APPRECIATED. AS WE APPROACH THE FINAL STAGES OF THE PROCESS AND

MOVE INTO IMPLEMENTING OUR NEW DIRECTIONS, I WILL CONTINUE TO RELY ON THE COOPERATION AND ADVICE YOU HAVE GENEROUSLY SUBMITTED TO ME THROUGHOUT MY CONSULTATIONS.

THANK YOU FOR YOUR ATTENTION AND HAVE A MOST ENJOYABLE AND SUCCESSFUL CONVENTION.

# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SPEAKING NOTES FOR THE MINISTER

CANADIAN HOME BUILDERS' ASSOCIATION

43RD NATIONAL CONFERENCE/EXPOSITION

EDMONTON

FEBRUARY 3, 1986



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



THANK YOU VERY MUCH.

I AM PLEASED TO BE HERE THIS MORNING TO SPEAK TO YOU AND PARTICIPATE IN THE OPENING ACTIVITIES OF YOUR CONFERENCE. YOUR PROGRAM MAKES CLEAR THAT YOU HAVE A FULL AND INTERESTING AGENDA OVER THE NEXT FEW DAYS. IT ALSO INDICATES WHY YOUR CONFERENCE IS SUCH A MAJOR AND INFORMATIVE EVENT EACH YEAR FOR THE HOME BUILDING INDUSTRY AND OTHER INTERESTED PARTICIPANTS.

BEFORE MR. DEFEHR STEPS DOWN OFFICIALLY FROM THE PRESIDENCY OF YOUR ASSOCIATION, I WANT TO EXPRESS MY APPRECIATION FOR THE COOPERATION AND SUPPORT HE GAVE TO ME OVER THE PAST YEAR, PARTICULARLY IN MY CONSULTATIONS WITH THE C.H.B.A.

I LOOK FORWARD TO WORKING WITH MR. SHAW, YOUR PRESIDENT-ELECT, AND TO BUILDING ON THE EXCELLENT RELATIONS THAT EXIST BETWEEN YOUR ASSOCIATION AND THE FEDERAL GOVERNMENT.

YOU'VE GIVEN THIS OPENING SESSION THE TITLE "FORWARD INTO THE FUTURE". I THINK THE SLOGAN APTLY CAPTURES THE POSITION YOUR INDUSTRY IS NOW IN. YOU EXPERIENCED A STRONG RECOVERY IN 1985 AND YOUR PROSPECTS FOR THE FUTURE ARE EXCITING.

.../2



THERE ARE NO MAJOR OBSTACLES IN SIGHT. YOU CAN GET ON WITH THE JOB OF PROVIDING CANADIANS WITH THE HOMES THEY NEED AND WANT.

IN ADDITION, THERE IS NO LONGER THE UNCERTAINTY THAT CLOUDED FEDERAL HOUSING POLICY A YEAR AGO WHEN WE WERE IN THE MIDST OF OUR HOUSING REVIEW. IT WAS JUST ABOUT A YEAR AGO THAT YOUR THEN NEWLY ELECTED PRESIDENT, MR. DEFEHR, GAVE ME A GIFT. I DON'T KNOW IF YOU ALL RECALL; IT WAS A WOOD CARVING SAYING "CONSULTATION". I WANT TO ADD A WORD TO THIS: "CONSULTATION WORKS."

I AM PLEASED TO SAY THAT WE BROUGHT THE PROCESS TO A CONCLUSION, AND HAVE CLARIFIED WHAT THE FEDERAL GOVERNMENT WILL DO IN HOUSING AND HOW IT WILL DO IT. YOU NOW HAVE A MORE STABLE, PREDICTABLE AND SUPPORTIVE ENVIRONMENT IN WHICH TO OPERATE.

THIS ACHIEVEMENT IS ATTRIBUTABLE IN NO SMALL WAY TO YOUR ASSOCIATION. YOU HAVE UNDERTAKEN STUDIES WHICH WERE VERY USEFUL IN THE PROCESS. YOUR PRESIDENT MADE A PRESENTATION TO VARIOUS HOUSING DEPUTY MINISTERS IN JANUARY OF LAST YEAR. YOUR VIEWS WERE CLEARLY AND WELL STATED, TAKEN FULLY INTO ACCOUNT AND, MOST IMPORTANTLY, REFLECTED IN THE NEW FEDERAL DIRECTIONS IN HOUSING WHICH I RECENTLY ANNOUNCED.



HOUSING STARTS IN 1985 HIT THEIR HIGHEST LEVEL SINCE 1981. LAST YEAR THEY TOTALLED 165,826. THIS REPRESENTS AN INCREASE OF NEARLY 31,000, OR 23 PER CENT, OVER TOTAL HOUSING STARTS IN 1984.

WHAT IS SIGNIFICANT HERE IS THAT THE SURGE IN HOUSING STARTS IS BEING DRIVEN BY MARKET FORCES. CANADA IS FIRMLY ON THE ROAD TO ECONOMIC RECOVERY. SINCE OUR GOVERNMENT ASSUMED OFFICE SOME 17 MONTHS AGO, MORE THAN 450,000 NEW JOBS HAVE BEEN CREATED. THE HOUSING INDUSTRY HAS CONTRIBUTED SIGNIFICANTLY TO THIS GROWTH IN EMPLOYMENT.

ONE OF THE MAJOR REASONS FOR THE UPSURGE IN ACTIVITY IN THE HOUSING MARKET IS THAT MORTGAGE INTEREST RATES HAVE REMAINED RELATIVELY LOW AND STABLE FOR SOME TIME NOW. SINCE THE SUMMER OF 1984, MORTGAGE INTEREST RATES HAVE DROPPED SIGNIFICANTLY, FROM ABOUT FIFTEEN PER CENT TO ABOUT ELEVEN-AND-A-HALF PER CENT. DECLINING INTEREST RATES HAVE MADE HOMEOWNERSHIP MORE AFFORDABLE TO MORE HOUSEHOLDS.

THIS GOVERNMENT, THROUGH ACTIONS WE'VE TAKEN TO PROMOTE ECONOMIC RENEWAL AND THROUGH RESPONSIBLE MANAGEMENT OF THE ECONOMY, IS HELPING TO CREATE THE SORT OF ENVIRONMENT IN WHICH THE HOUSING INDUSTRY AND OTHER PRIVATE ENTREPRENEURS

CAN THRIVE. THIS IS VITAL, SINCE WE MUST RELY IN LARGE PART ON PRIVATE BUILDERS TO PROVIDE MOST CANADIANS WITH GOOD, AFFORDABLE HOUSING.

A MAIN OBJECTIVE OF OUR HOUSING REVIEW AND CONSULTATIONS WITH INDUSTRY GROUPS SUCH AS THE C.H.B.A AND WITH PROVINCES WAS TO IMPROVE THE OPERATING ENVIRONMENT FOR PRIVATE HOME BUILDERS. WE RECEIVED ADVICE ON WHAT GOVERNMENTS COULD DO TO HELP STABILIZE THE INDUSTRY, TO IMPROVE THE MORTGAGE MARKET, TO SUPPORT HOUSING RESEARCH AND DEVELOPMENT, TO PROMOTE INNOVATION, AND TO ASSIST YOUR INDUSTRY IN ADAPTING TO CHANGE.

WHEN I ANNOUNCED OUR GOVERNMENT'S NEW HOUSING DIRECTIONS IN PARLIAMENT IN DECEMBER, I STATED THAT THE CLEAR OBJECTIVE OF FEDERAL MARKET HOUSING POLICY WILL BE TO ASSIST IN DEVELOPING A CLIMATE OF STABILITY TO ALLOW BUILDERS TO RESPOND TO THE DEMAND FOR HOMEOWNERSHIP.

WE WILL DO THIS IN TWO WAYS: BY REFRAINING FROM THE USE OF AD HOC, SHORT-TERM MEASURES TO STIMULATE THE MARKET AND LOOKING TO INNOVATIVE WAYS TO ASSIST CANADIANS IN FINANCING THEIR HOMES.

THE GOVERNMENT HAS NO PLANS TO INTRODUCE EXPENDITURE PROGRAMS TO STIMULATE EITHER HOMEOWNERSHIP OR PRIVATE RENTAL PRODUCTION. MOREOVER, SHOULD FUTURE CIRCUMSTANCES COMPEL US TO CONSIDER SUCH MEASURES, WE WOULD TAKE ACTION ONLY AFTER CONSULTING WITH INDUSTRY AND THE PROVINCES.

I SHOULD MENTION HERE THAT WHILE WE HAVE NO PLANS TO STIMULATE THE PRODUCTION OF PRIVATE RENTAL UNITS, WE ARE LOOKING AT WAYS OF ADDRESSING THE PERCEPTION OF RENTAL HOUSING AS A RELATIVELY UNATTRACTIVE AREA IN WHICH TO INVEST. PROVINCIAL HOUSING MINISTERS AND I AGREED TO ASK OUR RESPECTIVE FINANCE MINISTERS TO TAKE A CLOSE LOOK AT THE WAY INVESTMENT IN RENTAL HOUSING IS TREATED IN THE TAX SYSTEM. THE PURPOSE OF THIS REVIEW WOULD BE TO MAKE RENTAL HOUSING INVESTMENT MORE EQUITABLE AND NEUTRAL. AS YOU SUGGESTED, I HAVE ALREADY BROUGHT THIS TO THE ATTENTION OF THE FEDERAL MINISTER OF FINANCE.

THE GOVERNMENT WILL ASSIST HOMEOWNERS IN FINANCING THEIR HOMES IN TWO MAIN WAYS. ONE IS THROUGH THE CONTINUATION OF PUBLIC MORTGAGE INSURANCE TO ENSURE THAT CANADIANS ACROSS THE COUNTRY HAVE ACCESS TO HIGH-RATIO MORTGAGES. THE SECOND WAY WILL BE THROUGH THE USE OF MORTGAGE-BACKED SECURITIES, WHICH PROMISES TO BE AN INNOVATIVE WAY OF PROVIDING

HOMEOWNERS WITH STABLE, LONG-TERM, FIXED-RATE MORTGAGES. THE FEDERAL GOVERNMENT WILL PROVIDE A GUARANTEE OF TIMELY PAYMENT TO INVESTORS IN SUCH SECURITIES AND THUS FACILITATE THE PRIVATE DEVELOPMENT OF THE PROGRAM.

IN CONTINUING THE PUBLIC MORTGAGE INSURANCE PROGRAM, WE WANT TO MAKE SURE THAT IT ACHIEVES CLEAR PUBLIC POLICY PURPOSES. A TASK FORCE HAS BEEN CREATED TO LOOK AT THIS MATTER, AND WE EXPECT TO BE LOOKING SOON AT DIRECTIONS THAT WOULD BEST ENABLE THIS OBJECTIVE TO BE ACHIEVED. I ASSURE YOU THERE WILL BE FULL CONSULTATION PRIOR TO ANY CHANGES.

YOU ALSO SUGGESTED THAT THE GOVERNMENT COULD PROMOTE STABILITY IN THE HOME-BUILDING INDUSTRY BY PROCEEDING WITH AMENDMENTS TO THE INTEREST ACT. I SUPPORT AMENDMENTS TO THE INTEREST ACT. SUCH AMENDMENTS WOULD EXTEND CONSUMER PROTECTION AND PROVIDE OPPORTUNITIES FOR CREATING A GREATER VARIETY OF MORTGAGE INSTRUMENTS SO THAT THE PRIVATE SECTOR CAN DEAL MORE EFFECTIVELY WITH CHANGING ECONOMIC AND HOUSING CONDITIONS.

OUR GOVERNMENT IS ALSO TAKING STEPS TO ASSIST CANADIANS ON THE MARGIN OF HOMEOWNERSHIP. INITIATIVES ARE UNDERWAY ON TWO FRONTS: THROUGH AN EXPERIMENT WITH INDEX-LINKED



MORTGAGES UNDER THE NEW CO-OPERATIVE HOUSING PROGRAM AND THROUGH WORK IN THE AREA OF REGULATORY REFORM, OUR ULTIMATE GOAL IN ALL THIS IS TO MAKE HOUSING MORE AFFORDABLE FOR CANADIANS.

THE GOVERNMENT WILL INTRODUCE INDEX-LINKED MORTGAGES AS A MAJOR FEATURE OF THE NEW CO-OP HOUSING PROGRAM BEING DEVELOPED. THE IDEA WAS PUT FORWARD DURING OUR CONSULTATIONS BY THE CO-OPERATIVE HOUSING FOUNDATION, AND WE HAVE BEEN CONSULTING CLOSELY WITH THEM ON THE NEW PROGRAM. INDEX-LINKED MORTGAGES WILL ALLOW THE CO-OP HOUSING SECTOR TO ACHIEVE ITS TWO OBJECTIVES, NAMELY, TO PROVIDE SECURITY OF TENURE FOR MODERATE AND MIDDLE-INCOME HOUSEHOLDS UNABLE TO AFFORD HOMEOWNERSHIP AND TO PROVIDE SOCIAL HOUSING. THE NEW MORTGAGE INSTRUMENT WILL BE INTRODUCED ON A TRIAL BASIS.

THE PLANNED EXPERIMENT WITH INDEX-LINKED MORTGAGES IS ONE ELEMENT IN THE FEDERAL GOVERNMENT'S GENERAL STRATEGY TO ASSIST HOUSEHOLDS CURRENTLY ON THE MARGIN OF HOMEOWNERSHIP. IN ADDITION, STEPS BEING TAKEN IN THE AREA OF REGULATORY REFORM WILL HELP IN LOOKING AT WAYS OF REDUCING HOUSING COSTS AND ASSISTING THOSE UNABLE TO AFFORD HOMEOWNERSHIP.



THE REPORT ON MARKET HOUSING THAT PROVINCIAL HOUSING MINISTERS AND I ACCEPTED AT OUR CALGARY CONFERENCE IN JULY INCLUDED THE RECOMMENDATION THAT MUNICIPAL GOVERNMENTS BE ENCOURAGED TO REVIEW THEIR APPROVAL PROCESSES AND REGULATIONS WITH A VIEW TOWARDS REDUCING COSTS TO THE DEVELOPMENT INDUSTRY.

I AM PLEASED TO ANNOUNCE HERE TODAY THAT BECAUSE OF THE INITIATIVE SHOWN BY YOUR ASSOCIATION, THE FEDERATION OF CANADIAN MUNICIPALITIES, AND THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS, THAT CMHC WILL BE PROCEEDING WITH CHBA AND THESE PARTNERS AND OTHER INTERESTED GROUPS TO EXAMINE THE REGULATORY ENVIRONMENT AND WAYS OF IMPROVING IT. THIS WILL BE A MAJOR PIECE OF WORK OVER THE NEXT FEW YEARS, AND I WANT TO TAKE THE OPPORTUNITY TO THANK YOUR ASSOCIATION FOR ITS SUPPORT AND INITIATIVE.

THIS WORK WILL FOCUS ON REGULATIONS THAT INHIBIT THE PRODUCTION OR INCREASE THE COSTS OF NEW CONSTRUCTION AND RENOVATIONS. AGAIN, OUR BASIC OBJECTIVE IS TO MAKE HOUSING MORE AFFORDABLE FOR MORE CANADIANS.

FURTHERMORE, YOUR ASSOCIATION HAS PROPOSED A STUDY OF OPTIONS TO IMPROVE ACCESS TO HOMEOWNERSHIP FOR THOSE ON THE

MARGIN OF HOMEOWNERSHIP AFFORDABILITY. I AM AGAIN PLEASED TO SAY THAT C.M.H.C. WILL BE PROCEEDING WITH YOU THIS YEAR ON YOUR REQUEST FOR THE STUDY.

THESE INITIATIVES HIGHLIGHT THE NEED FOR AND THE BENEFITS TO BE DERIVED FROM THE MAJOR PLAYERS IN HOUSING WORKING TOGETHER COOPERATIVELY TO ENSURE THAT RESEARCH UNDERTAKEN IS USED TO THE BEST ADVANTAGE.

THE FEDERAL GOVERNMENT WILL CONTINUE ITS LEADERSHIP ROLE IN HOUSING RESEARCH AND DEVELOPMENT. TO BETTER DO THIS JOB, A NATIONAL HOUSING RESEARCH COMMITTEE WILL BE CREATED. THIS COMMITTEE WILL FACILITATE THE COORDINATION OF FEDERAL, PROVINCIAL AND INDUSTRY ACTIVITIES IN HOUSING RESEARCH. IT WILL ALLOW THE PARTICIPANTS TO DISCUSS, PLAN AND CARRY OUT THEIR RESEARCH, AND WILL PROMOTE BETTER COMMUNICATION AND DISSEMINATION OF THE RESULTS. THE C.H.B.A. WILL PLAY A CENTRAL ROLE ON THE COMMITTEE, WHICH WILL HOLD ITS FIRST MEETING SHORTLY.

THE HOUSING RESEARCH COMMITTEE IS ONE MEASURE WE ARE TAKING TO HELP ENSURE THAT THE QUALITY OF HOUSING PRODUCED IN CANADA REMAINS SECOND TO NONE. MY ANNOUNCEMENT IN DECEMBER INCLUDED ADDITIONAL MEASURES RELATED TO HOUSING QUALITY.

THE GOVERNMENT WILL CONTINUE TO REVIEW OPTIONS TO IMPROVE CMHC'S INSPECTION AND MATERIALS EVALUATION SERVICES. WE WANT TO MAKE CMHC'S INSPECTION SERVICES A RECOGNIZED INDUSTRY STANDARD AND TO SEEK A SINGLE, NATIONAL MATERIALS EVALUATION SERVICE TO PROTECT BOTH THE CONSUMER AND THE INDUSTRY.

THE INITIATIVES I HAVE JUST OUTLINED WILL HELP THE INDUSTRY IN EFFECTIVELY MEETING THE HOUSING NEEDS OF MOST CANADIANS. LET'S MOVE ON AND LOOK AT THE MAIN FEATURES OF OUR NEW DIRECTIONS IN SOCIAL HOUSING. THESE ARE MEASURES TO ASSIST THE ESTIMATED MORE THAN ONE MILLION HOUSEHOLDS WHO CANNOT AFFORD DECENT SHELTER IN THE MARKET. THEY REFLECT RECOMMENDATIONS YOU MADE TO ME DURING OUR CONSULTATIONS.

THE MOST FUNDAMENTAL CHANGE IS THAT ALL FEDERAL SOCIAL HOUSING ASSISTANCE WILL BE DIRECTED TO HOUSEHOLDS IN NEED. THOSE ABLE TO AFFORD ACCOMMODATION IN THE MARKET WILL NO LONGER BE ELIGIBLE FOR FEDERAL HOUSING SUBSIDIES. THIS REPRESENTS A CONSIDERABLE IMPROVEMENT OVER THE OLD STRATEGY, UNDER WHICH ONLY ABOUT ONE-THIRD OF THE TOTAL UNITS PROVIDED ACTUALLY WENT TO HOUSEHOLDS IN NEED. THROUGH MORE EFFECTIVE TARGETTING, WE WILL ASSIST MORE THAN TWICE THE NUMBER OF NEEDY HOUSEHOLDS, ON AN ANNUAL BASIS, AS WERE ASSISTED UNDER

THE PREVIOUS STRATEGY, AND WE WILL ACHIEVE THIS WITH THE SAME SOCIAL HOUSING BUDGET.

OUR GOVERNMENT IS PROVIDING TWO PACKAGES OF SOCIAL HOUSING PROGRAMS, ONE FOR URBAN AREAS AND ONE FOR RURAL AREAS. THE PACKAGE FOR URBAN AREAS WILL INCLUDE A NEW NON-PROFIT HOUSING PROGRAM, RENT SUPPLEMENTS AND IMPROVED RENOVATION ASSISTANCE. WE HAVE MADE RENOVATION ASSISTANCE A CLEAR COMPONENT OF OUR SOCIAL HOUSING STRATEGY.

FOR RURAL AREAS, WE ARE CONTINUING THE PACKAGE OF PROGRAMS UNDER THE RURAL AND NATIVE HOUSING PROGRAM, WHICH CONSISTS OF A HOMEOWNERSHIP-RENTAL PROGRAM, REHABILITATION ASSISTANCE AND EMERGENCY REPAIR ASSISTANCE. IN ADDITION, WE ARE INSTITUTING A DEMONSTRATION PROGRAM UNDER WHICH CLIENTS OR COMMUNITIES WILL PROVIDE THE LABOUR COMPONENT OF NEW HOUSING.

WE WANT TO ENSURE THAT THE SOCIAL HOUSING STRATEGIES FOLLOWED ARE COST-EFFECTIVE AND RESPONSIVE TO VARYING LOCAL AND REGIONAL CIRCUMSTANCES. THE MIX OF PROGRAMS IN OUR SOCIAL HOUSING PACKAGE WILL BE APPLIED WITH FLEXIBILITY. THE PARTICULAR MIX TO BE USED IN VARIOUS REGIONS OF THE COUNTRY WILL BE BASED ON AN ASSESSMENT OF THE HOUSING NEEDS TO BE



ADDRESSED, THE AVAILABILITY OF ACCOMMODATION IN THE PRIVATE MARKET, AND THE SPECIFIC REQUIREMENTS OF GROUPS WITH SPECIAL HOUSING NEEDS.

AS YOU KNOW WE HAVE MADE CONSIDERABLE PROGRESS IN IMPROVING FEDERAL AND PROVINCIAL COOPERATION. THIS WILL AND MUST CONTINUE. WE ARE MOVING TOWARDS A NEW AND COOPERATIVE RELATIONSHIP WITH THE PROVINCES IN THE DELIVERY AND ADMINISTRATION OF SOCIAL HOUSING PROGRAMS. PROVINCES ARE BEING ASKED TO PARTICIPATE DIRECTLY IN THE SOCIAL HOUSING STRATEGY. THEY ARE BEING OFFERED A LARGER ROLE IN PROGRAM DELIVERY AND ADMINISTRATION. WE ARE DOING THIS TO INCREASE THE RESOURCES AVAILABLE FOR SOCIAL HOUSING AND TO REDUCE DUPLICATION.

I WANT TO EMPHASIZE THAT WE ARE NOT SEEKING PROVINCIAL PARTICIPATION AT THE EXPENSE OF FEDERAL SOCIAL HOUSING OBJECTIVES OR OF THE NEED TO REMAIN ACCOUNTABLE FOR THE USE OF FEDERAL FUNDS. PROVINCIAL PARTICIPATION IS SUBJECT TO SPECIFIC CONDITIONS, INCLUDING FINANCIAL CONTRIBUTIONS, ASSURANCE OF ACCESS BY PRIVATE NON-PROFIT GROUPS, ACCEPTANCE OF NATIVE TARGETS AND INVOLVEMENT IN DELIVERY, THE PROVISION OF NECESSARY INFORMATION, AND JOINT PUBLICITY TO ENSURE THAT THE CONTRIBUTIONS OF BOTH GOVERNMENTS ARE DULY RECOGNIZED.



JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

AS TO THE STATUS OF OUR NEGOTIATIONS WITH THE PROVINCES ON THE NEW ARRANGEMENTS, I CAN SAY THAT THINGS ARE MOVING ALONG QUITE WELL. THE GOVERNMENT OF ALBERTA WAS THE FIRST TO ACCEPT OUR OFFER AND SIGN, AND I HOPE TO HAVE THE AGREEMENT OF ALL PROVINCES SHORTLY.

THE PRIVATE SECTOR HAS ALWAYS PARTICIPATED IN SOCIAL HOUSING. IT HAS BEEN PLAYING AN IMPORTANT ROLE THROUGH PROJECT FINANCING, CONSTRUCTION, MANAGEMENT AND, IN SOME CASES, DEVELOPMENT. THE PRIVATE SECTOR HAS ALSO BEEN INVOLVED IN THE RENT SUPPLEMENT PROGRAM, WHICH SUBSIDIZES THE RENTS OF NEEDY HOUSEHOLDS IN PRIVATELY-OWNED UNITS. OUR NEW DIRECTIONS ALLOW FOR CONTINUED PRIVATE-SECTOR INVOLVEMENT IN SOCIAL HOUSING.

LET ME MAKE ONE LAST POINT ABOUT OUR NEW DIRECTIONS IN SOCIAL HOUSING. IN DIRECTING ALL FEDERAL SOCIAL HOUSING ASSISTANCE TO HOUSEHOLDS IN NEED, WE ARE NOT RETURNING TO THE TYPE OF PUBLIC HOUSING THAT CREATED LOW-INCOME GHETTOS AND GENERATED COMMUNITY RESISTANCE.

INCOME-MIXING REMAINS AN IMPORTANT FEDERAL HOUSING OBJECTIVE AND WILL BE ACHIEVED IN SEVERAL WAYS. IT WILL BE ACHIEVED WITHIN THE DEFINITION OF HOUSEHOLDS IN NEED, WHICH IS GENERALLY BROAD ENOUGH TO ALLOW FOR A CONSIDERABLE RANGE OF INCOME GROUPS TO BE SERVED.

IT WILL ALSO BE POSSIBLE TO ACHIEVE INCOME-MIXING AT THE COMMUNITY LEVEL THROUGH SMALL-SCALE, SCATTERED PROJECTS. FURTHER, UNDER THE NEW FEDERAL-PROVINCIAL ARRANGEMENTS, PROVINCES HAVE THE OPTION OF INCLUDING HOUSEHOLDS BEYOND THE DEFINITION OF THOSE IN NEED IN PROJECTS, ALTHOUGH IN SUCH CASES FEDERAL SUBSIDIES WILL NOT APPLY.

I SAID AT THE START THAT YOUR INDUSTRY CAN NOW GO "FORWARD INTO THE FUTURE" KNOWING WITH CERTAINTY WHAT THE FEDERAL GOVERNMENT WILL BE DOING IN HOUSING. THE NEW HOUSING DIRECTIONS I HAVE OUTLINED REPRESENT A CLEAR COMMITMENT ON THE PART OF THE FEDERAL GOVERNMENT TO DO THE FOLLOWING:

- ° TO ASSIST CANADIAN HOUSEHOLDS IN NEED MORE EFFICIENTLY AND EFFECTIVELY THROUGH A NEW PARTNERSHIP WITH THE PROVINCES;

- TO FOSTER A CLIMATE OF STABILITY FOR THE HOUSING INDUSTRY SO THAT YOU CAN GET ON WITH WHAT YOU DO BEST - BUILD HOMES;
- TO PROMOTE SECURITY OF TENURE THROUGH HOMEOWNERSHIP AND CO-OPERATIVE HOUSING; AND
- TO MAINTAIN NATIONAL HOUSING STANDARDS AND ENHANCE THE QUALITY OF HOUSING IN CANADA.

THESE DIRECTIONS AND THE SPECIFIC MEASURES I HAVE OUTLINED FOR YOU REFLECT THE CONSENSUS AMONG HOUSING GROUPS THAT WAS BUILT THROUGH MY CONSULTATIONS. THEY REPRESENT A FEDERAL COMMITMENT TO CONTINUED CONSULTATION AND COOPERATION. WE WILL CONTINUE TO WORK CLOSELY WITH YOU TO ENSURE STABILITY AND ASSIST THE EFFECTIVE OPERATION OF YOUR INDUSTRY AND THE HOUSING MARKET.

THANK YOU.



# Remarks by the Honourable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Bill McKnight

ministre responsable de la  
Société canadienne d'hypothèques  
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THE HONOURABLE BILL MCKNIGHT'S  
STATEMENT TO THE NEWS MEDIA

SIGNING OF THE CANADA/MANITOBA  
SOCIAL HOUSING AGREEMENT

OTTAWA

FEBRUARY 6, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





I AM VERY PLEASED THAT THE GOVERNMENT OF MANITOBA HAS AGREED TO JOIN WITH THE GOVERNMENT OF CANADA IN A NEW PARTNERSHIP TO ASSIST THOSE WITH HOUSING NEEDS IN THE PROVINCE IN A MORE EFFICIENT AND EFFECTIVE MANNER.

UNDER THE NEW AGREEMENTS IN SOCIAL HOUSING THAT MR. BUCKLASCHUK AND I SIGNED TODAY, OUR TWO GOVERNMENTS WILL WORK TOGETHER CO-OPERATIVELY AND POOL OUR RESOURCES TO ASSIST HOUSEHOLDS IN NEED IN MANITOBA.

THESE ARRANGEMENTS ARE A VITAL PART OF THE NEW FEDERAL DIRECTIONS FOR HOUSING SOLUTIONS THAT I ANNOUNCED IN DECEMBER. THESE NEW DIRECTIONS, IN TURN, ARE BASED ON THE CONSENSUS THAT WAS BUILT DURING OUR EXTENSIVE CONSULTATIONS WITH HOUSING GROUPS AND THE PROVINCES OVER THE PAST YEAR.

OUR NEW DIRECTIONS IN SOCIAL HOUSING, ALONG WITH OUR NEW CO-OPERATIVE ARRANGEMENTS WITH THE PROVINCES, MEAN GREATER TARGETTING OF ASSISTANCE; A BETTER MIX OF PROGRAMS THAT CAN BE APPLIED WITH MORE FLEXIBILITY; AND SMOOTHER, MORE EFFICIENT DELIVERY.

ALL FEDERAL SOCIAL HOUSING ASSISTANCE WILL BE DIRECTED TO HOUSEHOLDS IN NEED. IN TAKING THIS ACTION, WE EXPECT TO ASSIST AT LEAST TWICE AS MANY HOUSEHOLDS EACH YEAR NATIONALLY AS WERE ASSISTED PREVIOUSLY AND WITH THE SAME OVERALL BUDGET.

OUR NEW PACKAGE OF PROGRAMS FOR URBAN AREAS CONSISTS OF A NEW NON-PROFIT HOUSING PROGRAM TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING, RENT SUPPLEMENTS TO ASSIST LOW-INCOME TENANTS IN PAYING RENT, AND IMPROVED RENOVATION ASSISTANCE TO HELP LOW-INCOME HOMEOWNERS, TENANTS AND THE DISABLED.

FOR RURAL AREAS, WE ARE CONTINUING THE PACKAGE OF PROGRAMS THAT MAKE UP THE RURAL AND NATIVE HOUSING PROGRAM. THIS PROGRAM HAS PROVED EFFECTIVE IN RURAL AREAS AND IN PROVIDING HOUSING FOR NATIVE CANADIANS.

THE MIX OF PROGRAMS I'VE JUST OUTLINED WILL BE APPLIED WITH GREATER FLEXIBILITY SO THAT THE MOST COST-EFFECTIVE SOCIAL HOUSING STRATEGIES CAN BE FOLLOWED IN DIFFERENT PARTS OF THE COUNTRY. THIS APPROACH CONSTITUTES A GOOD EXAMPLE OF NATIONAL PROGRAMS DESIGNED TO BE ADAPTABLE TO REGIONAL AND LOCAL CONDITIONS.

I SHOULD POINT OUT HERE THAT THE FEDERAL GOVERNMENT HAS BEEN ABLE TO INCREASE THE RRAP BUDGET FOR THIS YEAR, AND IN THE CASE OF MANITOBA, THE BUDGET WILL GO UP 29 PER CENT. THIS INCREASE WILL BE DIRECTED TO URBAN AREAS IN THE PROVINCE TO FACILITATE THE MOVE TO UNIVERSALITY UNDER RRAP, AND TO HELP COVER THE INCREASED FORGIVENESS LEVELS UNDER RENTAL RRAP.

THE FEDERAL GOVERNMENT IS OFFERING THE PROVINCES AN EXPANDED ROLE IN PROGRAM DELIVERY TO AUGMENT THE RESOURCES AVAILABLE FOR ASSISTING HOUSEHOLDS IN NEED THROUGH INCREASED PROVINCIAL FINANCIAL CONTRIBUTIONS, AS WELL AS TO REDUCE PROGRAM DUPLICATION AND ADMINISTRATIVE COSTS.

THIS IS NOT BEING DONE AT THE EXPENSE OF FEDERAL HOUSING OBJECTIVES OR ACCOUNTABILITY REQUIREMENTS. THE CONDITIONS FOR PROVINCIAL DELIVERY INCLUDE COST-SHARING, ACCESS BY PRIVATE NON-PROFIT GROUPS, ACCEPTANCE OF NATIVE TARGETS AND NATIVE INVOLVEMENT IN DELIVERY, AND JOINT PLANNING OF SOCIAL HOUSING STRATEGIES. THESE CONDITIONS ARE ALL SPECIFIED IN THE NEW AGREEMENTS, AND WILL ENSURE THAT FEDERAL OBJECTIVES AND OTHER REQUIREMENTS ARE MET.

MANITOBA HAS CHOSEN TO COST-SHARE A GOOD RANGE OF PROGRAMS, INCLUDING THE NON-PROFIT HOUSING, URBAN NATIVE, RENT SUPPLEMENT, AND RNH PROGRAMS. THE PROVINCE HAS A GOOD RECORD IN DIRECTING ASSISTANCE TO NEEDY HOUSEHOLDS. WORKING TOGETHER CO-OPERATIVELY UNDER THE NEW ARRANGEMENTS, WE WILL BE ABLE TO BUILD ON WHAT HAS BEEN ACHIEVED AND ASSIST NEEDY HOUSEHOLDS IN THE PROVINCE MORE EFFICIENTLY AND EFFECTIVELY. THEY ARE THE REAL WINNERS TODAY.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SIGNING OF THE CANADA/NEWFOUNDLAND  
SOCIAL HOUSING AGREEMENT

ST. JOHN'S, NEWFOUNDLAND

FEBRUARY 28, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement

THE NEW AGREEMENT IN SOCIAL HOUSING THAT MR. DINN AND I SIGNED TODAY MARKS AN IMPORTANT STEP IN IMPLEMENTING THE FEDERAL GOVERNMENT'S NEW DIRECTIONS IN SOCIAL HOUSING, WHICH I ANNOUNCED IN DECEMBER.

UNDER THE NEW DIRECTIONS, WE HAVE INTRODUCED A MIX OF PROGRAMS THAT CAN BE APPLIED WITH FLEXIBILITY. THIS WILL ENSURE THAT SOCIAL HOUSING STRATEGIES PURSUED IN DIFFERENT PARTS OF THE COUNTRY ARE COST-EFFECTIVE AND THAT THEY RESPOND TO VARYING LOCAL AND REGIONAL CONDITIONS. IN ADDITION, JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

WE HAVE ALSO OFFERED THE PROVINCES AN EXPANDED ROLE IN PROGRAM DELIVERY TO REDUCE ADMINISTRATIVE COSTS AND DUPLICATION AND TO INCREASE, ON A NATIONAL BASIS, THE FINANCIAL CONTRIBUTION OF PROVINCES TO SOCIAL HOUSING.

I AM DELIGHTED THAT THE GOVERNMENT OF NEWFOUNDLAND HAS AGREED TO COST-SHARE A RANGE OF PROGRAMS IN 1986, INCLUDING THE NON-PROFIT, URBAN NATIVE NON-PROFIT, RENT SUPPLEMENT, AND RURAL AND NATIVE HOUSING PROGRAMS.

I AM ALSO GLAD THAT NEWFOUNDLAND WILL COST-SHARE THE RESIDENTIAL REHABILITATION ASSISTANCE AND EMERGENCY REPAIR PROGRAMS. WITH THE PROVINCIAL CONTRIBUTION ADDED ON, THE TOTAL RRAP BUDGET WILL BE HIGHER IN 1986.

THE DIRECTIONS WE ARE TAKING REFLECT THE CONSENSUS THAT WAS BUILT DURING EXTENSIVE CONSULTATIONS WITH NUMEROUS GROUPS ACTIVE IN THE HOUSING SECTOR AND WITH THE PROVINCES. THEY MEET THE BASIC CHALLENGE WE FACE IN SOCIAL HOUSING, NAMELY, TO ENSURE THAT ASSISTANCE IS PROVIDED EFFECTIVELY AND EFFICIENTLY TO INCREASE THE NUMBER OF NEEDY HOUSEHOLDS HELPED EACH YEAR.

IN IMPLEMENTING OUR NEW DIRECTIONS IN SOCIAL HOUSING IN NEWFOUNDLAND, OUR TWO GOVERNMENTS WILL WORK TOGETHER CO-OPERATIVELY TO BUILD ON WHAT HAS BEEN ACHIEVED AND TO ENSURE THAT THE HOUSING NEEDS OF ALL NEWFOUNDLANDERS ARE MET EFFECTIVELY AND EFFICIENTLY.

LASTLY, I WANT TO TAKE THIS OPPORTUNITY TO THANK MY TWO COLLEAGUES THE HONOURABLE JOHN CROSBIE AND MR. JOE PRICE, MY PARLIAMENTARY SECRETARY, FOR ALL THE HELP, SUPPORT AND ENCOURAGEMENT THEY LENT ME DURING THE CONSULTATION PROCESS AND THE DEVELOPMENT OF THIS IMPORTANT INITIATIVE.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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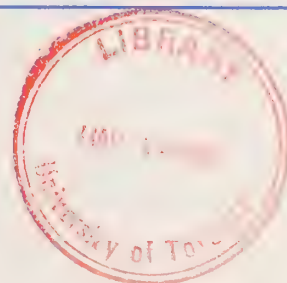
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SIGNING OF THE CANADA/ONTARIO  
SOCIAL HOUSING AGREEMENT

TORONTO, ONTARIO

FEBRUARY 28, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



THE NEW AGREEMENT IN SOCIAL HOUSING THAT MR. CURLING AND I SIGNED TODAY IS HEARTENING NEWS FOR HOUSEHOLDS IN NEED IN ONTARIO.

IT MEANS THAT MORE HELP IS ON THE WAY.

IT MEANS MORE EFFECTIVE TARGETTING OF ASSISTANCE TO NEEDY HOUSEHOLDS AND MORE EFFICIENT DELIVERY ARRANGEMENTS.

IT MEANS A COMMITMENT, ON THE PART OF OUR TWO GOVERNMENTS, TO WORK TOGETHER CO-OPERATIVELY TO MEET HOUSING NEEDS IN ONTARIO.

THE FEDERAL GOVERNMENT IS ENTERING INTO NEW ARRANGEMENTS WITH THE PROVINCES AND TERRITORIES IN SOCIAL HOUSING. THESE ARRANGEMENTS REPRESENT A VITAL PART OF OUR NEW DIRECTIONS FOR HOUSING SOLUTIONS, WHICH EMERGED FROM OUR EXTENSIVE CONSULTATIONS WITH HOUSING GROUPS AS WELL AS WITH THE PROVINCES AND TERRITORIES, AND WHICH I ANNOUNCED IN DECEMBER. IN ADDITION, JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

OUR NEW DIRECTIONS IN SOCIAL HOUSING CONSIST OF SEVERAL MAIN ELEMENTS:

- . THE TARGETTING OF ALL FEDERAL ASSISTANCE TO NEEDY HOUSEHOLDS;
- . THE PROVISION OF A NEW PACKAGE OF PROGRAMS THAT CAN BE APPLIED WITH GREATER FLEXIBILITY TO ENSURE THAT THE SOLUTIONS PUT IN PLACE ARE COST-EFFECTIVE AND RESPOND TO VARYING LOCAL AND REGIONAL CONDITIONS; AND
- . AN EXPANDED ROLE FOR THE PROVINCES IN PROGRAM DELIVERY TO REDUCE ADMINISTRATIVE COSTS AND DUPLICATION AND TO INCREASE, ON A NATIONAL BASIS, THE FINANCIAL CONTRIBUTION OF PROVINCES TO SOCIAL HOUSING.

I AM PLEASED THE GOVERNMENT OF ONTARIO WILL BE COST-SHARING THE NON-PROFIT AND RENT SUPPLEMENT PROGRAMS. THE FEDERAL GOVERNMENT WILL COVER 60 PER CENT OF THE COSTS, WHILE ONTARIO'S SHARE WILL BE 40 PER CENT, FOR UNITS DIRECTED TO HOUSEHOLDS IN CORE NEED. THE PROVINCE WILL DELIVER THE PROGRAMS. IT WILL ALSO CONTINUE TO COST-SHARE THE RURAL AND NATIVE HOUSING PROGRAM.

THIS INCREASED PROVINCIAL INVOLVEMENT IS INDICATIVE OF THE POSITIVE RESPONSE I HAVE RECEIVED FROM THE PROVINCES AND TERRITORIES DURING OUR DISCUSSIONS ON NEW SOCIAL HOUSING ARRANGEMENTS, AND IT WILL HAVE AN IMMEDIATE AND DIRECT IMPACT ON THE NUMBER OF NEEDY HOUSEHOLDS ASSISTED IN THIS PROVINCE.

AS PART OF THE SOCIAL HOUSING PROGRAM MIX, FEDERAL ASSISTANCE FOR REHABILITATION WILL SUPPORT THE SOCIAL HOUSING OBJECTIVE OF TARGETTING ASSISTANCE TO LOW-INCOME HOUSEHOLDS WHO OWN OR OCCUPY INADEQUATE DWELLINGS.

I WANT TO EMPHASIZE THAT IN DIRECTING ASSISTANCE TO NEEDY HOUSEHOLDS WE ARE NOT RETURNING TO THE TYPE OF PUBLIC HOUSING THAT CREATED A CONCENTRATION OF LOW-INCOME HOUSING AND SPARKED COMMUNITY RESISTANCE. INCOME MIXING WILL BE ACHIEVED AT THE COMMUNITY LEVEL THROUGH SMALL-SCALE, SCATTERED PROJECTS. FURTHER, ONTARIO WILL EXERCISE THE OPTION OF INCLUDING HOUSEHOLDS BEYOND THE DEFINITION OF THOSE IN NEED IN PROJECTS.

THE NEW AGREEMENT THAT MR. CURLING AND I SIGNED TODAY MEANS THAT OUR TWO GOVERNMENTS WILL CONTINUE TO WORK TOGETHER CO-OPERATIVELY TO ENSURE THAT THOSE WITH HOUSING NEEDS IN ONTARIO ARE HELPED IN AN EFFECTIVE AND EFFICIENT MANNER.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
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REAL ESTATE INSTITUTE OF SASKATCHEWAN

SASKATOON CHAPTER



Canada

I WOULD LIKE TO THANK THE SASKATOON CHAPTER OF THE REAL ESTATE INSTITUTE OF SASKATCHEWAN FOR INVITING ME TO SPEAK TO ITS MEMBERS AND GUESTS TODAY.

IN NOVEMBER 1984, SHORTLY AFTER THE GENERAL ELECTION, THE MINISTER OF FINANCE ANNOUNCED THE MAJOR DIRECTIONS THE NEW GOVERNMENT INTENDED TO PURSUE. THEY FOCUSSED ON THE NEED TO TO REDUCE DEFICIT, TO DIRECT GOVERNMENT FUNDS TO THOSE MOST IN NEED, TO IMPROVE FEDERAL/PROVINCIAL COOPERATION, AND TO FOSTER AN ENVIRONMENT FOR PRIVATE SECTOR INITIATIVES AND INVOLVEMENT.

IN LIGHT OF THE IMPLICATIONS OF SUCH ISSUES FOR HOUSING, THE GOVERNMENT REQUESTED A FUNDAMENTAL REVIEW OF HOUSING POLICY. I WOULD LIKE TO USE THIS OPPORTUNITY TO TALK TO YOU ABOUT THE REVIEW WE UNDERTOOK AND THE OUTCOME OF IT, AS WELL AS A NUMBER OF OTHER MATTERS I BELIEVE WILL BE OF INTEREST TO YOU.

IN LATE JANUARY 1985, I ISSUED A CONSULTATION PAPER ON HOUSING, THE PURPOSE OF WHICH WAS TO STIMULATE DEBATE AND FOCUS DISCUSSIONS. I INVITED ALL THOSE WITH AN INTEREST IN HOUSING POLICY TO PROVIDE INPUT AND TO PARTICIPATE IN THE DEVELOPMENT OF NEW FEDERAL HOUSING POLICIES.



MY CONSULTATION PAPER WAS DISTRIBUTED TO MORE THAN 8 000 CANADIANS, AND FOLLOWING THE RECEIPT OF BRIEFS A SERIES OF MEETINGS WITH INTEREST GROUPS WAS INITIATED. IN MARCH AND APRIL OF LAST YEAR, MY PARLIAMENTARY SECRETARY AND I MET WITH SOME 21 GROUPS ACTIVE IN HOUSING.

THESE INCLUDED SOCIAL HOUSING GROUPS, INDUSTRY AND MUNICIPAL ASSOCIATIONS, AND ORGANIZATIONS REPRESENTING THE POOR, THE ELDERLY, THE DISABLED, AND ABORIGINAL PEOPLE.

IN ADDITION TO THE 50 WRITTEN BRIEFS, I RECEIVED MANY LETTERS FROM ORGANIZATIONS AND INDIVIDUALS.

INTENSIVE DISCUSSIONS WERE ALSO UNDERTAKEN WITH PROVINCIAL AND TERRITORIAL GOVERNMENTS. I HELD TWO FEDERAL/PROVINCIAL MINISTERIAL CONFERENCES AND ALSO BILATERAL MEETINGS WITH EACH PROVINCE AND TERRITORY. THE MAIN PURPOSE OF THESE DISCUSSIONS WAS TO IMPROVE FEDERAL-PROVINCIAL CO-OPERATION IN HOUSING.

THIS PROCESS OF CONSULTATION, WHICH WAS INTENDED TO EXAMINE EXISTING PROGRAMS AND LOOK AT OTHER OPTIONS FOR MORE EFFECTIVE USE OF FEDERAL HOUSING DOLLARS, PROVIDED IMPORTANT REGIONAL AND LOCAL PERSPECTIVES.

AT THE END OF LAST YEAR, FOLLOWING THE CONCLUSION OF THE CONSULTATION PROCESS WHICH I HAVE JUST DESCRIBED, I ANNOUNCED NEW INITIATIVES IN THE HOUSE OF COMMONS. THE MAJOR CHANGES IN SOCIAL HOUSING RELATE TO THE MIX OF PROGRAMS AND THOSE ASSISTED UNDER THEM AND TO THE PARTICIPATION OF THE PROVINCES.

WITH REGARD TO SOCIAL HOUSING PROGRAMS, THE FEDERAL GOVERNMENT IS PROVIDING A NEW PACKAGE WITH ALL ASSISTANCE DIRECTED TO HOUSEHOLDS IN CORE NEED, DEFINED AS THOSE UNABLE TO OBTAIN AFFORDABLE, SUITABLE, AND ADEQUATE ACCOMODATION IN THE PRIVATE MARKET WITHOUT PAYING MORE THAN 30 PERCENT OF THEIR INCOME ON SHELTER.

I WOULD LIKE TO STRESS THAT THIS REPRESENTS A SIGNIFICANT IMPROVEMENT OVER PREVIOUS PROGRAMS, UNDER WHICH ONLY ABOUT ONE-THIRD OF THE TOTAL UNITS PROVIDED WENT TO HOUSEHOLDS IN NEED. THROUGH IMPROVED TARGETTING, WE WILL ASSIST AT LEAST TWICE AS MANY NEEDY HOUSEHOLDS EACH YEAR NATIONALLY AS WERE ASSISTED PREVIOUSLY.

THERE ARE NOW TWO PACKAGES OF SOCIAL HOUSING PROGRAMS, ONE FOR URBAN AREAS, ANOTHER FOR RURAL AREAS. THE PACKAGE FOR URBAN AREAS INCLUDES THREE PROGRAMS, A NEW NON-PROFIT HOUSING PROGRAM, A RENT SUPPLEMENT PROGRAM, AND IMPROVED RENOVATION ASSISTANCE.

A RURAL AND NATIVE DEMONSTRATION PROGRAM WILL BE UNDERTAKEN IN RURAL AREAS. IT WILL PROVIDE UP-FRONT FUNDING FOR MATERIALS, WITH CLIENTS OR COMMUNITIES PROVIDING THE LABOR. THERE ARE A LIMITED NUMBER OF UNITS AVAILABLE UNDER THE DEMONSTRATION PROGRAM, BUT WE ARE LOOKING AT UNDERTAKING TWO PROJECTS IN SASKATCHEWAN THIS YEAR.

THE PARTICULAR MIX OF PROGRAMS TO BE USED IN VARIOUS AREAS OF THE COUNTRY WILL BE APPLIED WITH FLEXIBILITY AND BASED ON AN ASSESSMENT OF THE HOUSING NEEDS TO BE ADDRESSED, THE AVAILABILITY OF ACCOMODATION IN THE PRIVATE MARKET, AND THE SPECIFIC REQUIREMENTS OF GROUPS WITH SPECIAL HOUSING NEEDS. THIS WILL ENSURE THAT THE STRATEGIES FOLLOWED ARE COST-EFFECTIVE.

I MENTIONED A MOMENT AGO THAT A SECOND MAJOR CHANGE IN SOCIAL HOUSING POLICY RELATED TO THE PARTICIPATION OF THE PROVINCES. WE WANT TO IMPROVE FEDERAL-PROVINCIAL COOPERATION IN SOCIAL HOUSING. WE HAVE OFFERED THE PROVINCES AN EXPANDED ROLE IN PROGRAM DELIVERY IN ORDER TO REDUCE DUPLICATION AND ADMINISTRATIVE COSTS AND TO INCREASE THE OVERALL FINANCIAL CONTRIBUTION OF THE PROVINCES TO SOCIAL HOUSING.

I EMPHASIZED IN MY STATEMENT THAT THE NEW ARRANGEMENTS BEING PUT IN PLACE DO NOT REPRESENT A TRANSFER OF FEDERAL RESPONSIBILITY FOR SOCIAL HOUSING TO THE PROVINCES. PROVINCIAL DELIVERY IS DEPENDENT UPON CERTAIN SPECIFIC CONDITIONS.

UNDER THE NEW ARRANGEMENTS INCREASED PROVINCIAL FINANCIAL CONTRIBUTIONS ARE REQUIRED. IN ADDITION, JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

SO FAR, GLOBAL AGREEMENTS HAVE BEEN SIGNED WITH FIVE PROVINCES AND I EXPECT AGREEMENTS WITH THE OTHER PROVINCES AND TERRITORIES, INCLUDING SASKATCHEWAN, TO BE SIGNED SHORTLY.

I WOULD LIKE TO MOVE NOW FROM SOCIAL HOUSING TO TALK ABOUT TWO OTHER AREAS IN WHICH WE ARE TAKING NEW DIRECTIONS. ONE IS MARKET HOUSING; THE OTHER IS HOUSING QUALITY.

THE OBJECTIVE OF FEDERAL MARKET HOUSING POLICY WILL BE TO ASSIST IN DEVELOPING A CLIMATE OF STABILITY TO ALLOW BUILDERS TO RESPOND TO THE DEMAND FOR FAMILY HOMES FOR OWNERSHIP. THE INDUSTRY EMPHASIZED TO ME THE DISRUPTIVE EFFECTS IN THE PAST OF SHORT-TERM STIMULATIVE MEASURES AND THE NEED FOR CONSULTATIONS AND CAREFUL PLANNING IF SUCH MEASURES HAVE TO BE INTRODUCED IN THE FUTURE.

THE FEDERAL GOVERNMENT WILL NO LONGER INTRODUCE PROGRAMS TO STIMULATE HOMEOWNERSHIP OR THE PRIVATE RENTAL HOUSING MARKET. IF CIRCUMSTANCES IN THE FUTURE WERE TO FORCE US TO CONSIDER SUCH MEASURES, WE WOULD ONLY ACT AFTER CONSULTATIONS WITH INDUSTRY AND THE PROVINCES.

THE GOVERNMENT WANTS TO HELP HOMEOWNERS ACHIEVE GREATER SECURITY. WE WILL DO THIS BY FACILITATING THE INTRODUCTION OF LONGER-TERM, FIXED-RATE MORTGAGES, THAT WILL BE PUT IN PLACE ONCE CHANGES HAVE BEEN MADE TO THE INTEREST ACT. UNDER THIS PROPOSAL, THE GOVERNMENT WILL BE PROVIDING A GUARANTEE OF TIMELY PAYMENT TO INVESTORS IN MORTGAGE-BACKED SECURITIES. THIS WILL FACILITATE THE INTRODUCTION OF LONGER-TERM, SAY 10-YEAR, MORTGAGE MONEY, AND THIS WILL GIVE HOMEOWNERS GREATER SECURITY AND CONFIDENCE ABOUT THEIR ABILITY TO AFFORD HOMEOWNERSHIP OVER A LONGER PERIOD.

THE GOVERNMENT IS ALSO COMMITTED TO CONTINUING PUBLIC MORTGAGE INSURANCE TO ENSURE THAT CANADIANS ACROSS THE COUNTRY HAVE ACCESS TO HIGH-RATIO MORTGAGES. THIS PROGRAM WILL ALLOW MORE HOUSEHOLDS TO GAIN THE BENEFITS OF SECURITY AND AFFORDABILITY ASSOCIATED WITH HOMEOWNERSHIP.



IN CONTINUING THE PUBLIC MORTGAGE INSURANCE PROGRAM, WE WANT TO MAKE SURE THAT IT ACHIEVES CLEAR PUBLIC POLICY PURPOSES. A TASK FORCE HAS BEEN CREATED TO LOOK AT THIS MATTER, AND WE EXPECT TO BE LOOKING SOON AT DIRECTIONS THAT WOULD BEST ENABLE THIS OBJECTIVE TO BE ACHIEVED. I ASSURE YOU THERE WILL BE FULL CONSULTATION PRIOR TO ANY CHANGES.

THE STRONG RECOVERY IN THE HOUSING MARKET LAST YEAR REFLECTED CANADA'S MUCH IMPROVED ECONOMIC PERFORMANCE. SINCE THE SUMMER OF 1984, MORTGAGE INTEREST RATES HAVE FALLEN FROM ABOUT 15 PERCENT TO ABOUT ELEVEN-AND-A-HALF PERCENT, MAKING HOMEOWNERSHIP MORE AFFORDABLE FOR MORE CANADIANS.

THE RELATIVELY LOW AND STABLE RATES THAT PREVAILED THROUGHOUT LAST YEAR GAVE RISE TO A SURGE IN HOMEBUYING AND HOUSE BUILDING. HOUSING STARTS LAST YEAR REACHED THEIR HIGHEST LEVEL SINCE 1981. LAST YEAR THEY TOTALLED CLOSE TO 166 000, REPRESENTING AN INCREASE OF 23 PERCENT OVER HOUSING STARTS IN 1984. HOMEBUYERS FEEL CONFIDENT ONCE AGAIN ABOUT THEIR ABILITY TO AFFORD HOMEOWNERSHIP.

IN THE CASE OF SASKATCHEWAN, HOUSING STARTS PROVINCE-WIDE INCREASED SLIGHTLY IN 1985, REACHING 5 354, BUT FOR SASKATOON, THEY INCREASED FROM 1 462 IN 1984 TO 2 002 IN 1985 - AN INCREASE OF SOME 37 PERCENT.

THIS INCREASE WAS ATTRIBUTABLE LARGELY TO THE INCREASE IN MULTIPLE STARTS, WHICH WERE UP 78 PERCENT. THE VACANCY RATE SURVEY FOR OCTOBER 1985 SHOWED THE RATE FOR SASKATOON TO BE 2.8 PERCENT - GENERALLY CONSIDERED A HEALTHY LEVEL FOR THE RENTAL MARKET.

THE PRESENT EXPECTATION IS THAT HOUSING STARTS THIS YEAR WILL BE ABOUT THE SAME AS LAST YEAR.

THROUGH MEASURES ANNOUNCED IN NOVEMBER 1984 AND THROUGH MEASURES TAKEN IN THE BUDGETS OF MAY 1985 AND FEBRUARY 1986, THE FEDERAL GOVERNMENT HAS TAKEN DECISIVE ACTION TO BOLSTER CONSUMER AND INVESTOR CONFIDENCE AND TO ENSURE CANADA'S ECONOMIC RENEWAL. THESE MEASURES ARE HELPING CREATE AN ENVIRONMENT IN WHICH THE HOUSING MARKET CAN OPERATE EFFECTIVELY.

I WOULD NOW LIKE TO TURN MY ATTENTION TO HOUSING QUALITY.

THE FEDERAL GOVERNMENT CONTINUES TO LOOK TO HOUSING RESEARCH AND DEVELOPMENT TO ENSURE CONTINUED QUALITY HOUSING IN CANADA. TO IMPROVE OUR EFFORTS IN THIS DIRECTION, A NATIONAL HOUSING RESEARCH COMMITTEE WILL BE CREATED TO FACILITATE THE COORDINATION OF FEDERAL, PROVINCIAL AND

INDUSTRY ACTIVITIES IN HOUSING RESEARCH. THE PURPOSE OF THE COMMITTEE IS TO ALLOW PARTICIPANTS TO DISCUSS, PLAN AND CARRY OUT THEIR RESEARCH, AND PROMOTE BETTER COMMUNICATION AND DISSEMINATION OF RESULTS.

THE HOUSING RESEARCH COMMITTEE IS ONE MEASURE THE FEDERAL GOVERNMENT IS TAKING TO HELP ENSURE THAT THE QUALITY OF HOUSING PRODUCED IN CANADA REMAINS SECOND TO NONE. OTHER MEASURES THAT THE GOVERNMENT IS TAKING WITH RESPECT TO HOUSING QUALITY INCLUDE A REVIEW OF OPTIONS TO ENSURE CMHC'S INSPECTION SERVICES BECOME A RECOGNIZED INDUSTRY STANDARD AND STEPS TO DEVELOP A NATIONAL MATERIALS EVALUATION SERVICE.

A MAJOR PIECE OF RESEARCH WHICH IS NOW GETTING UNDERWAY RELATES TO AN EXAMINATION OF THE REGULATORY ENVIRONMENT AND WAYS OF IMPROVING IT. THIS WORK WILL CONCENTRATE ON REGULATIONS THAT INHIBIT THE PRODUCTION OR INCREASE THE COSTS OF NEW CONSTRUCTION AND RENOVATIONS. THE BASIC OBJECTIVE IS TO MAKE HOUSING MORE AFFORDABLE. STUDIES ALREADY UNDERWAY INCLUDE AN EXAMINATION OF THE STRUCTURE OF THE HOUSING INDUSTRY AND THE CHANGES WHICH WILL BE NECESSARY TO ADAPT TO NEW CIRCUMSTANCES IN THE YEARS AHEAD.

I WOULD NOW LIKE TO SAY A FEW WORDS ABOUT CMHC. HOWEVER, BEFORE DOING SO, I WOULD LIKE TO ACKNOWLEDGE THE IMPORTANT ROLE WHICH HAS BEEN PLAYED AND CONTINUES TO BE PLAYED BY MEMBERS OF THE CORPORATION'S STAFF WHO HOLD REAL ESTATE INSTITUTE OF CANADA DESIGNATIONS AND WHO ARE MEMBERS OF THE INSTITUTE'S PROVINCIAL AND LOCAL ORGANIZATIONS SUCH AS THIS ONE IN SASKATOON.

THIS YEAR CMHC IS CELEBRATING ITS FORTIETH ANNIVERSARY. IT HAS SERVED CANADIANS WELL IN THE PAST FORTY YEARS, STARTING WITH ITS MAJOR CONTRIBUTION TOWARDS RESETTLING VETERANS RETURNING FROM SECOND WORLD WAR SERVICE. IT HAS BEEN THROUGH A NUMBER OF MAJOR CHANGES, HAVING HAD TO ADAPT TO NEW CIRCUMSTANCES. IT IS CURRENTLY GOING THROUGH ANOTHER PERIOD OF SUCH MAJOR CHANGE, AS IT ADAPTS TO NEW CIRCUMSTANCES SUCH AS THOSE BEING BROUGHT ABOUT BY THE NEW POLICY DIRECTIONS WHICH I HAVE ALREADY DESCRIBED.

AS MANY OF YOU ARE NO DOUBT AWARE, SOME MAJOR CHANGES HAD ALREADY BEEN UNDERTAKEN LAST YEAR. AS PART OF ITS RATIONALIZATION PROCESS, THE CORPORATION CLOSED SIXTEEN OF ITS OFFICES AND CHANGED THE STATUS OF A FURTHER TEN.

I SHOULD STRESS THAT APPROPRIATE STEPS HAVE BEEN TAKEN TO ENSURE THAT CLIENT SERVICES ARE NOT ADVERSELY AFFECTED WHEN OFFICES HAVE BEEN CLOSED OR DOWNSIZED.

A NUMBER OF STAFF CHANGES AT THE SENIOR LEVEL HAVE TAKEN PLACE, AND ONE I WOULD LIKE TO MENTION TODAY IS THE APPOINTMENT OF A NEW PRESIDENT, MR. GEORGE ANDERSON, WHO SERVED AS CMHC'S GENERAL MANAGER FOR THE PRAIRIES AND NORTHWEST TERRITORIES REGION FROM 1978 - 1981.

THERE ARE MANY CHALLENGES AHEAD FOR CMHC AND FOR ALL OTHERS ENGAGED IN HOUSING. I REFERRED AT THE BEGINNING TO THE CONSULTATIONS WHICH I UNDERTOOK LAST YEAR AND THE NEW POLICY DIRECTIONS ON WHICH WE HAVE EMBARKED. I BELIEVE THAT THE PROCESS IN ARRIVING AT THESE POLICIES WAS USEFUL AND EFFECTIVE. I AM WILLING TO MEET AGAIN, AFTER AN APPROPRIATE PERIOD, WITH THOSE INVOLVED IN THE CONSULTATIONS AND WITH OTHERS TO DISCUSS AND EVALUATE THEIR SUCCESS.

I WOULD ONCE AGAIN LIKE TO THANK THE SASKATOON CHAPTER OF THE REAL ESTATE INSTITUTE OF SASKATCHEWAN FOR HAVING GIVEN ME THE OPPORTUNITY TO SPEAK.

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# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
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SPEAKING NOTES FOR  
THE HONOURABLE BILL MCKNIGHT  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION



RENOVATION FORUM  
WESTIN HOTEL, TORONTO  
APRIL 14, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



I AM PLEASED TO BE HERE TODAY TO PARTICIPATE IN YOUR RENOVATION FORUM AND TO TALK ABOUT THE FEDERAL INTEREST IN RESIDENTIAL REHABILITATION AND RENOVATION.

FIRST, I WANT TO COMMEND THE SPONSORS OF THIS FORUM - "BUILDING RENOVATION" MAGAZINE AND ENVIRONICS RESEARCH GROUP - FOR UNDERTAKING THIS MAJOR INITIATIVE, WHICH BRINGS TOGETHER REPRESENTATIVES OF THE FULL RANGE OF GROUPS INVOLVED IN CANADA'S BURGEONING RENOVATION INDUSTRY.

ONE SIGN OF THE INCREASING DEVELOPMENT AND MATURITY OF YOUR INDUSTRY WAS THE LAUNCHING IN THE FALL OF 1984 OF "BUILDING RENOVATION" MAGAZINE. IN BOTH DESIGN AND CONTENT, THIS PUBLICATION IS FIRST-RATE AND PROVIDES A MOST VALUABLE SERVICE. I CONGRATULATE MACLEAN HUNTER ON IT AND IN PARTICULAR THE MAGAZINE'S PUBLISHER, MR. DON BRIDGES, AND ITS EDITOR, MR. JOHN FENNELL, FOR THE SPLENDID JOB THEY ARE DOING IN HELPING KEEP RENOVATORS ABREAST OF MARKET OPPORTUNITIES, NEW TECHNOLOGIES, INNOVATIONS, GOVERNMENT POLICIES AND PROGRAMS, AND OTHER PERTINENT DEVELOPMENTS.

THE GOVERNMENT APPRECIATES THE GROWING ECONOMIC IMPORTANCE OF YOUR INDUSTRY. THE RELATIVE PROPORTION OF RENOVATION EXPENDITURES TO TOTAL RESIDENTIAL CONSTRUCTION EXPENDITURES HAS

BEEN ON THE INCREASE FOR THE PAST DECADE. ACCORDING TO OFFICIAL ESTIMATES, LAST YEAR CANADIANS SPENT MORE THAN \$7 BILLION ON RENOVATION WORK, WHICH REPRESENTS NEARLY HALF THE TOTAL EXPENDITURES ON RESIDENTIAL CONSTRUCTION. IT IS GENERALLY RECOGNIZED, HOWEVER, THAT SUCH ESTIMATES UNDERSTATE THE ACTUAL EXTENT OF RENOVATION EXPENDITURES. IN REALITY, THEY'RE PROBABLY MUCH HIGHER.

IT IS ALSO IMPORTANT TO APPRECIATE THE PARTICULAR CONTRIBUTION THAT RENOVATION MAKES TO THE NATIONAL ECONOMY THROUGH ITS JOB-GENERATION CAPACITY. WHEREAS LESS THAN 25 PER CENT OF NEW CONSTRUCTION EXPENDITURES GO FOR LABOUR, ABOUT HALF OF RENOVATION EXPENDITURES ARE FOR LABOUR. IN OTHER WORDS, COMPARED WITH NEW CONSTRUCTION, RENOVATION IS TWICE AS LABOUR-INTENSIVE.

THE REASONS FOR THIS GROWTH SUGGEST THAT RENOVATION EXPENDITURES WILL CONTINUE TO BE SUBSTANTIAL FOR MANY YEARS TO COME. FOR ONE THING, THE OWNERS OF MORE THAN A MILLION HOUSING UNITS IN CANADA, OR ABOUT 13 PER CENT OF OUR CURRENT STOCK, REPORT THAT THEIR DWELLINGS REQUIRE MAJOR REPAIRS OF ONE KIND OR ANOTHER.

IN ADDITION, AS OUR HOUSING STOCK AGES, DWELLINGS NATURALLY REQUIRE REPAIRS, RENOVATIONS AND UPGRADING. MORE THAN 20 PER CENT OF ALL HOUSES IN CANADA ARE NOW MORE THAN 40 YEARS OLD, AND

BY THE TURN-OF-THE-CENTURY, THE NUMBER OF SUCH HOUSES WILL HAVE INCREASED BY 50 PER CENT. MANY OF THESE UNITS WILL REQUIRE WORK TO THEIR MAJOR SYSTEMS - HEATING, PLUMBING, ELECTRICAL AND SO ON.

FURTHER, ABOUT 70 PER CENT OF THE HOUSING THAT CANADIANS WILL BE LIVING IN BY THE TURN-OF-THE-CENTURY IS ALREADY BUILT. THIS HOUSING, BUILT ACCORDING TO CONTEMPORARY CIRCUMSTANCES AND PREFERENCES, WILL REQUIRE A LOT OF REMODELLING AND RENOVATION TO ADAPT IT TO FUTURE NEEDS, PARTICULARLY IN VIEW OF DEMOGRAPHIC PROJECTIONS ON THE AGING OF OUR POPULATION.

DEMOGRAPHIC PROJECTIONS ALSO INDICATE THAT POPULATION GROWTH AND THE DEMAND FOR NEW HOUSING WILL TAPER OFF SIGNIFICANTLY BY THE YEAR 2000. RENOVATION REPRESENTS AN INCREASINGLY IMPORTANT ALTERNATIVE FOR BUILDERS WHO ARE PREPARED TO TAKE ADVANTAGE OF THE EMERGING OPPORTUNITIES. INDUSTRY'S RECOGNITION OF THIS IS EVIDENCED BY THE CANADIAN HOME BUILDERS' ASSOCIATION'S ESTABLISHMENT OF A RENOVATIONS COMMITTEE.

ALL OF THE ABOVE CONSIDERATIONS UNDERLIE GOVERNMENT INTEREST IN RENOVATION AND IN WORKING CO-OPERATIVELY WITH INDUSTRY TO HELP IT MEET THE CHALLENGES THAT LIE AHEAD. THERE IS ALSO ANOTHER IMPORTANT REASON FOR GOVERNMENT INTEREST IN RENOVATION WHICH RELATES TO ITS SOCIAL IMPLICATIONS.



MANY LOW-INCOME HOUSEHOLDS LIVE IN THE OLDEST, POOREST HOUSING IN THE COUNTRY, AND THESE HOUSEHOLDS GENERALLY LACK THE MEANS TO UNDERTAKE NEEDED MAINTENANCE AND RENOVATION. FURTHER, AS SUGGESTED IN THE FEDERAL GOVERNMENT'S "CONSULTATION PAPER ON HOUSING" ISSUED LAST YEAR, THE PROVISION OF RENOVATION ASSISTANCE TO LOW-INCOME HOUSEHOLDS MIGHT BE A MORE COST-EFFECTIVE WAY OF PROVIDING SOCIAL HOUSING ASSISTANCE THAN NEW CONSTRUCTION.

GIVEN THE INCREASING ACTIVITY IN RENOVATION AND ITS ECONOMIC AND SOCIAL IMPLICATIONS, PLUS THE NEED FOR GOVERNMENT AND INDUSTRY TO WORK TOGETHER COOPERATIVELY, WE IDENTIFIED RESIDENTIAL REHABILITATION AS ONE OF THE MAJOR AREAS THAT NEEDED TO BE DISCUSSED DURING OUR HOUSING CONSULTATIONS LAST YEAR.

DURING THOSE CONSULTATIONS, RENOVATION INTERESTS WERE WELL REPRESENTED, PRIMARILY THROUGH OUR CLOSE CONSULTATIONS WITH THE CANADIAN HOME BUILDERS' ASSOCIATION AND THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS. WE WERE TOLD THAT RENOVATION SHOULD BE CONSIDERED WITHIN THE CONTEXT OF SOCIAL HOUSING, WITH GOVERNMENT EXPENDITURES DIRECTED TO THOSE IN GREATEST NEED. IT WAS ALSO SUGGESTED THAT GOVERNMENT COULD SUPPORT AND ENCOURAGE PRIVATE RENOVATION ACTIVITIES THROUGH MEASURES SUCH AS REFORMS TO BUILDING CODES THAT TEND TO RESTRICT RENOVATION AND SUPPORT FOR RESEARCH, TRAINING AND TRANSFER OF INFORMATION.

THE VIEWS ON RENOVATION EXPRESSED BY HOUSING INDUSTRY GROUPS AND OTHERS DURING OUR CONSULTATIONS WERE TAKEN INTO FULL ACCOUNT IN THE DEVELOPMENT OF THE FEDERAL GOVERNMENT'S NEW DIRECTIONS IN HOUSING, WHICH I ANNOUNCED IN PARLIAMENT THIS PAST DECEMBER. THESE NEW DIRECTIONS AFFECT FEDERAL RENOVATION PROGRAMS AND SUPPORT FOR HOUSING RESEARCH. LET ME BRIEFLY OUTLINE OUR INITIATIVES IN THESE AREAS.

WE ARE NOW DIRECTING FEDERAL RENOVATION ASSISTANCE TO NEEDY HOUSEHOLDS AND HAVE MADE RENOVATION PROGRAMS AN INTEGRAL PART OF OUR SOCIAL HOUSING STRATEGY. THE CONSENSUS THAT EMERGED DURING OUR CONSULTATIONS WAS THAT GOVERNMENT HOUSING EXPENDITURES SHOULD BE DIRECTED TO HOUSEHOLDS IN NEED. AS WELL, SUPPORT WAS EXPRESSED FOR A MIX OF APPROACHES, INCLUDING RENOVATION ASSISTANCE AS WELL AS NEW SUPPLY AND RENT SUBSIDIES, SO THAT THE MOST COST-EFFECTIVE SOLUTIONS TO HOUSING NEEDS IN DIFFERENT AREAS OF THE COUNTRY COULD BE PURSUED.

THE MAIN VEHICLE FOR THE DELIVERY OF FEDERAL RENOVATION ASSISTANCE WILL CONTINUE TO BE THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM. HOWEVER, WE HAVE MADE SIGNIFICANT IMPROVEMENTS TO THE HOMEOWNER AND RENTAL COMPONENTS OF THE PROGRAM AND HAVE CREATED A SEPARATE PROGRAM FOR THE DISABLED.

I WILL QUICKLY HIGHLIGHT THE CHANGES FOR YOU.

IN THE CASE OF HOMEOWNER-RRAP, WE ARE DIRECTING ALL ASSISTANCE TO NEEDY HOUSEHOLDS AND MAKING IT UNIVERSALLY AVAILABLE, RATHER THAN RESTRICTING IT TO DESIGNATED AREAS. ALSO, THE ASSISTANCE PROVIDED WILL GO FOR ESSENTIAL REPAIRS. AS THE MOVE TO UNIVERSALITY IS PHASED IN, RRAP BENEFITS WILL BE AVAILABLE TO SERVE THOSE IN NEED REGARDLESS OF WHERE THEY LIVE IN EACH PROVINCE.

IN THE CASE OF RENTAL-RRAP, WHICH I SUSPECT MAY BE OF MORE INTEREST TO MANY OF YOU BECAUSE OF THE OPPORTUNITY FOR BIGGER PROJECTS, WE ARE INCREASING THE ASSISTANCE AVAILABLE TO LANDLORDS FROM AN AVERAGE OF ABOUT \$3,500 TO \$12,000 PER UNIT. THIS IS BEING DONE TO PREVENT EXCESSIVE RENT INCREASES AND THE CONSEQUENT DISPLACEMENT OF PEOPLE WHO NEED HELP. ASSISTANCE WILL BE DIRECTED TO THE OLDER, LOWER-COST HOUSING STOCK OCCUPIED LARGELY BY LOW-INCOME HOUSEHOLDS. MOREOVER, ASSISTANCE LEVELS WILL REFLECT MARKET CONDITIONS AND WILL DEPEND ON THE RELATION BETWEEN THE RENTS IN A GIVEN PROJECT AND THE AVERAGE MARKET RENT IN THE AREA.

OUR NEW RRAP PROGRAM FOR THE DISABLED MIGHT ALSO BE OF PARTICULAR INTEREST TO YOU. PREVIOUSLY, ASSISTANCE OF UP TO \$1,500 WAS PROVIDED UNDER RRAP FOR BARRIER-FREE, LIVEABILITY MODIFICATIONS

TO DWELLINGS. DURING OUR CONSULTATIONS, GROUPS REPRESENTING THE DISABLED STRESSED THE INADEQUACY OF THAT LEVEL OF ASSISTANCE AND CALLED FOR A SEPARATE DISABLED-RRAP PROGRAM.

CONSEQUENTLY, WE HAVE CREATED A NEW RENOVATION PROGRAM TO MEET THE NEEDS OF THE DISABLED AND INCREASED THE MAXIMUM ASSISTANCE AVAILABLE TO HOUSEHOLDS WITH DISABLED OCCUPANTS TO \$5,000. MORE-OVER, IN RECOGNITION OF THE COMPARATIVELY HIGH COSTS OF MAKING UNITS MORE ACCESSIBLE TO THE DISABLED, MODERATE-INCOME HOUSEHOLDS WILL ALSO BE ELIGIBLE FOR ASSISTANCE.

I APPRECIATE THAT THE RENOVATION ACTIVITY UNDERTAKEN UNDER GOVERNMENT EXPENDITURE PROGRAMS ACCOUNTS FOR BUT A SMALL PROPORTION OF TOTAL RENOVATION ACTIVITY, WHICH IS DRIVEN PRIMARILY BY PRIVATE MARKET FORCES. YET THERE IS A NEED FOR GOVERNMENT AND THE PRIVATE SECTOR TO WORK TOGETHER COOPERATIVELY TO ENSURE THE EFFECTIVE WORKING OF THE MARKET. IN THIS REGARD, MY DECEMBER STATEMENT IN THE HOUSE ALSO INCLUDED AN INITIATIVE THAT WILL HELP STRENGTHEN THE NEW CO-OPERATIVE RELATIONSHIP BETWEEN GOVERNMENT AND THE HOUSING INDUSTRY FOSTERED DURING OUR CONSULTATIONS. THIS INITIATIVE IS THE ESTABLISHMENT OF A NATIONAL HOUSING RESEARCH COMMITTEE.



HOUSING RESEARCH CAN IMPROVE THE QUALITY AND AFFORDABILITY OF HOUSING, EXTEND THE RANGE OF SHELTER OPTIONS AVAILABLE TO CANADIANS, AND HELP THE HOUSING INDUSTRY - THE RENOVATION SECTOR INCLUDED - IN ADAPTING TO SHIFTS IN THE MARKET. THE RESEARCH COMMITTEE WILL ADVANCE THESE GOALS BY IMPROVING THE COORDINATION AND COST-EFFECTIVENESS OF HOUSING RESEARCH UNDERTAKEN BY THE FEDERAL AND PROVINCIAL GOVERNMENTS AND BY INDUSTRY.

THE COMMITTEE WILL PROVIDE A FORUM FOR THE PARTICIPANTS TO DISCUSS, PLAN AND CARRY OUT HOUSING RESEARCH. IT WILL PROVIDE A CLEAR AND CENTRAL FOCUS ON SIGNIFICANT HOUSING ISSUES, DEVELOPMENTS AND TRENDS. IT WILL REDUCE DUPLICATION, HELP IDENTIFY PRIORITIES, STIMULATE THE EXCHANGE OF IDEAS, AND INCREASE AWARENESS OF RESEARCH RESULTS AMONG THOSE WHO CAN BEST MAKE USE OF THEM.

THE PRECISE TERMS OF REFERENCE FOR THE COMMITTEE ARE BEING FINALIZED. I AM CONFIDENT THE INTERESTS OF RENOVATORS WILL BE WELL REPRESENTED ON THE COMMITTEE, WHICH IS EXPECTED TO HOLD ITS FIRST MEETING LATER THIS YEAR.



THE RESEARCH COMMITTEE, ALONG WITH THE CHANGES TO FEDERAL RENOVATION ASSISTANCE, ARE ALL INITIATIVES THAT WE HAVE RECENTLY TAKEN AND THAT ARE IN THE PROCESS OF BEING IMPLEMENTED. I WANT TO MOVE ON NOW AND TELL YOU ABOUT SEVERAL MAJOR PIECES OF WORK THAT ARE IN PROGRESS AND THAT CONCERN THE RENOVATION INDUSTRY. THESE INITIATIVES INCLUDE A STUDY OF THE REGULATORY ENVIRONMENT IN WHICH THE HOUSING INDUSTRY OPERATES, THE PREPARATION OF A COMPREHENSIVE OVERVIEW OF REHABILITATION AND CONSERVATION IN CANADA, A STUDY OF THE RENOVATION INDUSTRY IN NOVA SCOTIA, AND A MAJOR MONOGRAPH ON THE CANADIAN RESIDENTIAL CONSTRUCTION INDUSTRY, RENOVATION INCLUDED.

I WILL COMMENT ON EACH OF THESE PIECES OF WORK. FIRST, THE STUDY OF REGULATORY REFORM.

DURING OUR CONSULTATIONS WITH HOUSING GROUPS AND THE PROVINCES, CONCERNS WERE EXPRESSED ABOUT REGULATIONS THAT INHIBIT THE PRODUCTION OR INCREASE THE COST OF NEW CONSTRUCTION AND RENOVATION. CONCERNS WERE ALSO VOICED ABOUT THE WAY CURRENT REGULATIONS CAN LIMIT OPPORTUNITIES FOR DEVELOPING NEW MARKETS AND FOR APPLYING NEW IDEAS AND TECHNOLOGIES. I APPRECIATE THAT DELAYS CAUSED BY THE REGULATORY PROCESS CAN BE ESPECIALLY COSTLY TO RENOVATORS.

SOME INITIATIVE WAS TAKEN LAST SUMMER WHEN, AT OUR CONFERENCE IN CALGARY IN JULY, MY PROVINCIAL COUNTERPARTS AND I ACCEPTED A REPORT THAT INCLUDED THE RECOMMENDATION THAT MUNICIPAL GOVERNMENTS BE ENCOURAGED TO REVIEW THEIR APPROVAL PROCESSES AND REGULATIONS WITH A VIEW TOWARDS REDUCING COSTS TO THE HOUSING INDUSTRY.

HOWEVER, TO PROMOTE REGULATORY REFORM, THREE NATIONAL ASSOCIATIONS - THE FEDERATION OF CANADIAN MUNICIPALITIES, THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS, AND THE CANADIAN HOME BUILDERS' ASSOCIATION - CAME FORWARD WITH A PROPOSAL FOR A NATIONAL STUDY OF THE REGULATORY ENVIRONMENT AS IT AFFECTS THE HOUSING INDUSTRY. THEIR PROPOSAL EMPHASIZES THE NEED FOR CO-OPERATION AND CONSULTATION BETWEEN GOVERNMENT AND INDUSTRY, AS WELL AS THE NEED FOR UPGRADING MUNICIPAL PLANNING CAPABILITIES AND IMPROVING INDUSTRY UNDERSTANDING OF REGULATORY PROCESSES AND INNOVATIONS.

I WANT YOU TO KNOW THAT THE FEDERAL GOVERNMENT IS VERY SUPPORTIVE OF THIS INITIATIVE. AT THE C.H.B.A. NATIONAL CONFERENCE IN FEBRUARY, I ANNOUNCED THAT C.M.H.C. WILL BE PROCEEDING WITH THE SPONSORING GROUPS AND THE PROVINCES ON THE STUDY. WE WANT TO WORK WITH INDUSTRY AND OTHER LEVELS OF GOVERNMENT TO IMPROVE AND

STREAMLINE REGULATORY PROCESSES. WE WANT TO MAKE SURE THAT THE REGULATORY ENVIRONMENT IN WHICH YOU AND OTHER INDUSTRY GROUPS OPERATE FACILITATES THE PRODUCTION OF INNOVATIVE AND AFFORDABLE HOUSING.

THE LEAD ROLE IN MANAGING THIS STUDY IS BEING TAKEN BY THE F.C.M., AND A DETAILED WORK PLAN IS NOW BEING DEVELOPED. THIS STUDY WILL INVOLVE A MAJOR EFFORT, AND ITS RESULTS SHOULD BE OF BENEFIT TO RENOVATORS AND OTHER HOUSING INDUSTRY ACTORS.

THE SECOND INITIATIVE UNDERWAY THAT I WANT TO TELL YOU ABOUT IS THE REHABILITATION AND CONSERVATION OVERVIEW BEING DONE BY C.M.H.C. THIS WORK INCLUDES AN ASSESSMENT OF FEDERAL RENOVATION PROGRAMS AND OF RENOVATION ISSUES.

AS PART OF THIS WORK, C.M.H.C. IS CONDUCTING A MAJOR SURVEY AND SEVERAL RELATED STUDIES. THE SURVEY WILL PROVIDE MORE SOLID INFORMATION ON THE CONDITION OF THE HOUSING STOCK, ON FACTORS INFLUENCING THE DEMAND FOR RENOVATION, AND ON CONSTRAINTS TO RENOVATION. THE STUDIES INCLUDE A COMPARATIVE ANALYSIS OF THE COST-EFFECTIVENESS OF RENOVATING EXISTING BUILDING AND CONSTRUCTING NEW ACCOMMODATION, A DESCRIPTION OF THE RENOVATION INDUSTRY, AND A LOOK AT THE JOB-CREATION EFFECTS OF FEDERAL RENOVATION PROGRAMS.

IT WILL INTEREST YOU TO KNOW THAT THE C.H.B.A. IS FORMALLY REPRESENTED ON THE ADVISORY COMMITTEE OVERSEEING THE REHABILITATION OVERVIEW. THIS WORK, WHICH IS EXPECTED TO BE COMPLETED BY THE FALL OF THIS YEAR, WILL PROVIDE A COMPREHENSIVE PICTURE OF RENOVATION ACTIVITY IN CANADA AND A USEFUL BACKDROP FOR FEDERAL POLICY DEVELOPMENT AND DEALINGS WITH THE RENOVATION INDUSTRY.

A THIRD INITIATIVE UNDERWAY CONCERNS A STUDY OF THE RENOVATION INDUSTRY IN NOVA SCOTIA. THIS STUDY IS A COLLABORATIVE EFFORT INVOLVING C.M.H.C., THE GOVERNMENT OF NOVA SCOTIA, AND THE NOVA SCOTIA HOME BUILDERS' ASSOCIATION.

THIS PROJECT REPRESENTS THE MOST DETAILED STUDY OF THE RENOVATION INDUSTRY EVER UNDERTAKEN IN CANADA. IT IS EXPECTED TO GIVE US AN ACCURATE PICTURE OF HOW THE INDUSTRY IS STRUCTURED AND FUNCTIONS IN ONE PROVINCE. IT WILL ALSO PROVIDE A SOLID BASIS FOR EXPANDING OUR KNOWLEDGE OF THE INDUSTRY IN OTHER PARTS OF THE COUNTRY. THIS STUDY IS SCHEDULED FOR COMPLETION AROUND THE END OF THIS SUMMER. WE WILL ENSURE THAT ITS RESULTS ARE WIDELY CIRCULATED.

LASTLY, I WANT TO MENTION THE MONOGRAPH ON THE CANADIAN RESIDENTIAL CONSTRUCTION INDUSTRY THAT C.M.H.C. IS PREPARING. THE THEME



OF THIS PAPER, WHICH WILL EXAMINE THE INDUSTRY'S PAST AND ITS FUTURE PROSPECTS, WILL BE CHANGE: HOW THE INDUSTRY HAS ADAPTED TO CHANGE AND HOW IT MUST CONTINUE TO DO SO. IN LOOKING AT THIS PROCESS, THE ROLE OF THE RENOVATION SECTOR WILL BE CONSIDERED. THE STUDY WILL PROVIDE A CONTEXT FOR RENOVATION WITHIN THE RESIDENTIAL CONSTRUCTION INDUSTRY AS A WHOLE. WE EXPECT THE MONOGRAPH TO BE COMPLETED IN ABOUT A YEAR'S TIME.

THE VARIOUS RENOVATION-RELATED WORK GOING ON AT THE FEDERAL LEVEL CLEARLY SIGNALS GOVERNMENT'S RECOGNITION OF THE IMPORTANCE OF RENOVATION TODAY AND OF ITS MOUNTING IMPORTANCE IN THE YEARS AHEAD. THE INITIATIVES I HAVE OUTLINED, ALONG WITH BUDGETARY AND OTHER INITIATIVES THE FEDERAL GOVERNMENT HAS TAKEN TO PROMOTE CANADA'S ECONOMIC RENEWAL AND TO CREATE A BETTER OVERALL ENVIRONMENT IN WHICH SMALL BUSINESS CAN PROSPER, ALSO SIGNAL OUR STRONG COMMITMENT TO WORKING WITH INDUSTRY AND HELPING YOU TO MEET CHALLENGES AND SEIZE OPPORTUNITIES AS THEY ARISE.

THANK YOU.





# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SIGNING OF THE CANADA/NEW BRUNSWICK  
SOCIAL HOUSING AGREEMENT

SAINT JOHN, NEW BRUNSWICK

APRIL 16, 1986



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



THE NEW AGREEMENT IN SOCIAL HOUSING THAT MR. GAUVIN AND I SIGNED TODAY IS HEARTENING NEWS FOR HOUSEHOLDS IN NEED IN NEW BRUNSWICK.

IT PROVIDES FOR MORE EFFECTIVE TARGETTING OF ASSISTANCE TO NEEDY HOUSEHOLDS AND MORE EFFICIENT DELIVERY ARRANGEMENTS.

IT MEANS A COMMITMENT, ON THE PART OF OUR TWO GOVERNMENTS, TO WORK TOGETHER COOPERATIVELY TO MEET HOUSING NEEDS IN NEW BRUNSWICK.

THE FEDERAL GOVERNMENT IS ENTERING INTO NEW ARRANGEMENTS WITH THE PROVINCES AND TERRITORIES IN SOCIAL HOUSING. THESE ARRANGEMENTS REPRESENT A VITAL PART OF OUR NEW DIRECTIONS FOR HOUSING SOLUTIONS, WHICH EMERGED FROM OUR EXTENSIVE CONSULTATIONS WITH HOUSING GROUPS AS WELL AS WITH THE PROVINCES AND TERRITORIES, AND WHICH I ANNOUNCED IN DECEMBER. IN ADDITION, JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

OUR NEW DIRECTIONS IN SOCIAL HOUSING CONSIST OF SEVERAL MAIN ELEMENTS:

- ° THE TARGETTING OF ALL FEDERAL ASSISTANCE TO NEEDY HOUSEHOLDS;
- ° THE PROVISION OF A NEW PACKAGE OF PROGRAMS THAT CAN BE APPLIED WITH GREATER FLEXIBILITY TO ENSURE THAT THE SOLUTIONS PUT IN PLACE ARE COST-EFFECTIVE AND RESPOND TO VARYING LOCAL AND REGIONAL CONDITIONS; AND
- ° AN EXPANDED ROLE FOR THE PROVINCES IN PROGRAM DELIVERY TO REDUCE ADMINISTRATIVE COSTS AND DUPLICATION AND TO INCREASE, ON A NATIONAL BASIS, THE FINANCIAL CONTRIBUTION OF PROVINCES TO SOCIAL HOUSING.

I AM PLEASED THAT THE GOVERNMENT OF NEW BRUNSWICK WILL BE COST-SHARING A RANGE OF PROGRAMS IN 1986. THE FEDERAL GOVERNMENT WILL COVER 75 PER CENT OF THE COSTS, WHILE NEW BRUNSWICK'S SHARE WILL BE 25 PER CENT.

IN IMPLEMENTING OUR NEW DIRECTIONS IN SOCIAL HOUSING IN NEW BRUNSWICK, OUR TWO GOVERNMENTS WILL WORK TOGETHER COOPERATIVELY TO BUILD ON WHAT HAS BEEN ACHIEVED AND TO ENSURE THAT THE HOUSING NEEDS OF THE PEOPLE OF NEW BRUNSWICK ARE MET EFFECTIVELY AND EFFICIENTLY.



# Remarks by the Honourable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Bill McKnight

ministre responsable de la  
Société canadienne d'hypothèques  
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## SPEAKING NOTES FOR THE MINISTER

ANNUAL GENERAL MEETING  
CANADIAN PENSIONERS CONCERNED INCORPORATED  
TORONTO, ONTARIO  
MAY 1, 1986



Canada

I AM PLEASED TO HAVE THIS OPPORTUNITY TO SPEAK TO YOU TODAY ON THE SUBJECT OF HOUSING FOR SENIORS, FOR I AM CONCERNED, AS YOU ARE, ABOUT THE NEED THAT EXISTS FOR DECENT, AFFORDABLE HOUSING FOR OLDER PEOPLE.

SOCIAL ATTITUDES TOWARDS SENIORS HAVE CHANGED OVER THE LAST SEVERAL YEARS, I'M HAPPY TO NOTE. AT ONE TIME, THERE WAS AN ATTITUDE ON THE PART OF MANY THAT SENIORS SHOULD BE PLACED SOMEWHERE OUT OF THE FAST LANE -- WHERE THEY WOULD HAVE THE NECESSITIES OF FOOD AND SHELTER ALL RIGHT, BUT WHERE THEY WOULDN'T SLOW DOWN THE TRAFFIC.

TODAY, HOWEVER, SENIORS ARE SEEN IN THEIR TRUE LIGHT -- AS PEOPLE WITH THE SAME CHARACTERISTICS, DESIRES AND NEEDS AS OTHERS OF ANY AGE GROUP; AS A MIX OF INDIVIDUALS WITH INDIVIDUAL PROBLEMS AND CONCERNS, JUST LIKE EVERYBODY ELSE, THAT CANNOT BE MET WITH ONE BLANKET SOLUTION FOR ALL.

TODAY IT IS GENERALLY ACCEPTED THAT SENIORS WANT TO LIVE WITHIN AND AS PART OF THEIR COMMUNITY, AND PREFERABLY IN THEIR OWN HOMES, NOT IN AN INSTITUTION. IT IS ALSO BECOMING MORE AND MORE RECOGNIZED THAT SENIORS ARE NOT RELICS FROM A DISTANT PAST, WEDDED TO OUTMODED IDEAS AND PRINCIPLES, BUT PEOPLE WHOSE KNOWLEDGE AND EXPERIENCE CAN BE OF VALUE IN ANY COMMUNITY.

FOR SOME YEARS NOW, CMHC HAS STUDIED THE SPECIAL NEEDS, DESIRES AND PROBLEMS OF OLDER PEOPLE, AND HAS COMPILED DATA THAT HAS BEEN HELPFUL IN OUR EFFORTS TO MEET THOSE NEEDS PROPERLY.

I'M NOT GOING TO BURDEN YOU WITH A LOT OF STATISTICS, BUT I WOULD LIKE TO MENTION TWO OR THREE THAT ARE OF SPECIAL CONCERN.

IN CANADA AS A WHOLE, 13 PER CENT OF ALL HOUSEHOLDS ARE IN CORE HOUSING NEED. BUT 31 PER CENT OF ELDERLY HOUSEHOLDS -- IN PROPORTION, ALMOST TWO-AND-HALF TIMES AS MANY -- ARE IN CORE NEED. CORE HOUSING NEED IS DEFINED AS HOUSEHOLDS THAT WOULD HAVE TO SPEND MORE THAN 30 PER CENT OF THEIR INCOME TO OBTAIN SUITABLE AND ADEQUATE HOUSING IN THEIR LOCALITY.

JUST A FEW MORE FIGURES TO EMPHASIZE HOW SERIOUS THE PROBLEM IS:

ALMOST TWO HUNDRED THOUSAND HOUSEHOLDERS LIVE IN CROWDED CONDITIONS, WHICH IS DEFINED AS MORE THAN ONE PERSON PER ROOM, AND MORE THAN ONE MILLION LIVE IN DWELLINGS THAT ARE IN NEED OF MAJOR REPAIR.

AMONG THESE ARE FAR TOO MANY SENIOR HOUSEHOLDS THAT REMAIN IN CORE HOUSING NEED, AND WE ARE TRYING TO DO SOMETHING ABOUT IT.

EARLY LAST YEAR I RELEASED A CONSULTATION PAPER ON HOUSING IN ORDER TO STIMULATE DEBATE AND FOCUS DISCUSSION. I INVITED ALL THOSE WITH AN INTEREST IN HOUSING POLICY TO GIVE US THEIR VIEWS, THEIR IDEAS AND THEIR RECOMMENDATIONS. I WANTED THE BROADEST RANGE OF HOUSING INTERESTS POSSIBLE TO PARTICIPATE IN THE DEVELOPMENT OF NEW FEDERAL HOUSING POLICIES.

THE CONSULTATION PAPER FOCUSED ON THREE BROAD, FUNDAMENTAL QUESTIONS, WHICH WERE:

- WHAT ROLE SHOULD GOVERNMENTS PLAY IN HOUSING?
- WHAT SHOULD THE PRIORITIES BE FOR THE ALLOCATION OF LIMITED GOVERNMENT RESOURCES?
- WHAT PROGRAMS ARE MOST EFFECTIVE IN MEETING OUR GOALS AND HOW CAN THEY BEST BE ADMINISTERED?

I WAS MORE THAN PLEASED WITH THE RESULTS. WE RECEIVED A GREAT MANY BRIEFS FROM INTEREST GROUPS, AND LATER, IN MARCH AND APRIL OF LAST YEAR, WE MET WITH A NUMBER OF REPRESENTATIVES OF THESE INTEREST GROUPS.

AMONG THE RESPONDENTS TO MY CONSULTATION PAPER WAS THE NATIONAL ADVISORY COUNCIL ON AGING, WHICH TOLD US ABOUT THE HOUSING CONCERNS OF SENIORS IN ALL PARTS OF THE COUNTRY.



I WAS VERY FAVORABLY IMPRESSED WITH THE BRIEF FROM NACA. IT WAS CLEAR, CONCISE, AND IT DELINEATED THE PROBLEMS OF THE ELDERLY IN A COMPREHENSIVE WAY.

THIS BRIEF, AS WELL AS LATER DISCUSSIONS, WERE MOST HELPFUL TO US IN PUTTING TOGETHER OUR NEW POLICIES AND PROGRAMS.

I'D LIKE TO TAKE A FEW MINUTES TO DESCRIBE VERY BRIEFLY THE NEW APPROACH TO SOCIAL HOUSING, WHICH WILL BE OF BENEFIT TO MANY SENIORS.

UNDER THE NEW PROGRAM, SOCIAL HOUSING ASSISTANCE IS DIRECTED TO HOUSEHOLDS THAT CANNOT OBTAIN SUITABLE AND ADEQUATE SHELTER ON THE PRIVATE MARKET.

SOCIAL HOUSING ASSISTANCE WILL BE LIMITED TO HOUSEHOLDS IN THESE CATEGORIES:

THOSE PAYING MORE THAN 30 PER CENT OF THEIR INCOME FOR ACCOMMODATION, WHETHER IT IS ADEQUATE OR OTHERWISE; AND HOUSEHOLDS WITH A NEED FOR SPECIAL PURPOSE ACCOMMODATION, SUCH AS THE DISABLED.

THE SPECIFIC PROGRAMS INCLUDE THESE, WHICH WILL BE OF PARTICULAR INTEREST TO SENIORS:



- A NON-PROFIT HOUSING PROGRAM FOR NEEDY FAMILIES AND SENIORS THAT ALLOWS PUBLIC AND PRIVATE NON-PROFIT GROUPS TO BUILD OR ACQUIRE HOUSING;
- A RENT SUPPLEMENT PROGRAM TO PROVIDE RENT ASSISTANCE TO NEEDY HOUSEHOLDS IN PRIVATE MARKET OR CO-OP UNITS;
- A UNIVERSAL RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM, USUALLY REFERRED TO AS RRAP, FOR LOW-INCOME HOMEOWNERS TO HELP THEM UPGRADE INADEQUATE HOUSING, AS WELL AS FOR LANDLORDS TO HELP THEM UPGRADE INADEQUATE UNITS OCCUPIED BY HOUSEHOLDS IN NEED;
- AND AN IMPROVED RRAP FOR THE DISABLED TO ASSIST IN MAKING NEEDED MODIFICATIONS.

THROUGH THESE AND OTHER SOCIAL HOUSING PROGRAMS, WHICH ARE LIMITED TO THOSE IN CORE HOUSING NEED, WE WILL BE ABLE TO HELP TWICE AS MANY NEEDY HOUSEHOLDS EACH YEAR AS WERE ASSISTED UNDER THE PREVIOUS STRATEGY.

EXPENDITURES RELATING TO SOCIAL HOUSING PROGRAMS IN 1986 ARE IN THE ORDER OF ONE POINT TWO BILLION DOLLARS, WHICH IS SLIGHTLY HIGHER THAN LAST YEAR'S BUDGET.

I MUST EMPHASIZE THAT, IN APPLYING THESE PROGRAMS, WE INTEND TO AVOID THE CREATION OF LOW-INCOME GHETTOS. DIRECTING SOCIAL HOUSING ASSISTANCE TO HOUSEHOLDS IN NEED DOES NOT MEAN WE ARE RETURNING TO LARGE PUBLIC HOUSING CONCENTRATIONS.

THE DEFINITION OF THOSE IN NEED IS BROAD ENOUGH TO ALLOW FOR A CONSIDERABLE RANGE OF INCOME GROUPS TO BE SERVED. IN ADDITION, WE LOOK TO SMALL-SCALE, SCATTERED PROJECTS AND THE USE OF RENT SUPPLEMENT AND RENOVATION ASSISTANCE TO HELP ACHIEVE INCOME INTEGRATION. WE REALIZE HOW IMPORTANT IT IS THAT THOSE RECEIVING HOUSING ASSISTANCE REMAIN AN INTEGRAL PART OF THE COMMUNITY, AND WE TARGETED OUR PROGRAMS WITH THAT IN MIND.

WE ARE ALSO MOVING TOWARDS A NEW AND MORE CO-OPERATIVE RELATIONSHIP WITH THE PROVINCES IN THE DELIVERY AND ADMINISTRATION OF SOCIAL HOUSING PROGRAMS. WE ARE, IN FACT, CURRENTLY SIGNING AGREEMENTS WITH THE PROVINCES WHICH GIVE THEM AN EXPANDED ROLE IN THE DELIVERY OF PROGRAMS. THIS MOVE WILL REDUCE ADMINISTRATIVE COSTS AND DUPLICATION, AS WELL AS INCREASE, ON A NATIONAL BASIS, THE FINANCIAL CONTRIBUTION OF PROVINCES TO SOCIAL HOUSING.

I WOULD LIKE TO EMPHASIZE, HOWEVER, THAT THIS APPROACH IN NO WAY TRANSFERS FEDERAL RESPONSIBILITY OR ACCOUNTABILITY FOR SOCIAL HOUSING TO THE PROVINCES. PROVINCIAL DELIVERY CARRIES WITH IT CERTAIN SPECIFIC CONDITIONS, INCLUDING JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES, TO ENSURE THAT FEDERAL OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

ANOTHER SIGNIFICANT CHANGE OF IMPORTANCE TO SENIORS IS IN THE AREA OF CO-OPERATIVE HOUSING.

THIS PROGRAM HAS BEEN RE-DESIGNED TO SERVE TWO GROUPS: MODERATE-INCOME HOUSEHOLDS THAT CANNOT AFFORD INDEPENDENT HOMEOWNERSHIP IN TODAY'S MARKET-PLACE, AND HOUSEHOLDS THAT ARE IN CORE NEED.

THE NEW PROGRAM WILL ACHIEVE THESE OBJECTIVES THROUGH A NEW EXPERIMENTAL FINANCIAL VEHICLE -- THE INDEX-LINKED MORTGAGE -- AS WELL AS MINIMAL SUBSIDIES. SOME UNITS WILL ALSO BE ELIGIBLE FOR RENT SUPPLEMENTS TO ENABLE LOW-INCOME CANADIANS TO ENJOY THE BENEFITS OF CO-OPERATIVE LIVING.

ALTHOUGH A MINIMUM OF 15 PER CENT OF THE UNITS IN ANY FEDERALLY ASSISTED CO-OPERATIVE MUST BE USED TO HOUSE THE CORE NEEDY, THE AVERAGE WILL BE ABOUT 30 PER CENT.

THROUGH THIS APPROACH, CO-OPERATIVE HOUSING WILL CONTINUE TO SERVE SOCIAL HOUSING NEEDS WHILE PROVIDING SECURITY OF TENURE FOR THOSE WHO DO NOT REQUIRE GOVERNMENT ASSISTANCE BUT NEVERTHELESS CANNOT AFFORD HOMEOWNERSHIP IN TODAY'S MARKET.

FROM THIS NECESSARILY BRIEF EXPLANATION, I HOPE YOU WILL REALIZE THAT WE ARE ATTEMPTING TO MEET THE REAL HOUSING NEEDS OF

CANADIANS BY TAKING A NEW DIRECTION. THIS DIRECTION IS A SIGNIFICANT DEPARTURE FROM THE TRADITIONAL APPROACH, WHICH SIMPLY DID NOT MEET ALL THE MOST URGENT NEEDS.

WE ALSO HAVE NO INTENTION OF SITTING BACK AND ASSUMING THAT WE'VE SOLVED ALL THE PROBLEMS, AND THAT NOW NO FURTHER EFFORT IS REQUIRED. ON THE CONTRARY, WE INTEND TO STUDY THE PROGRESS OF THE NEW PROGRAMS CONSTANTLY IN ORDER TO DETECT ANY WEAKNESSES OR NEED FOR IMPROVEMENT.

WE ARE ALSO WORKING IN OTHER AREAS IN THE INTERESTS OF SENIORS.

ONE RECURRING OBSERVATION FROM SENIORS, BOTH INDIVIDUALLY AND THROUGH ORGANIZATIONS SUCH AS YOURS, IS THAT NOT ENOUGH INFORMATION IS READILY AVAILABLE ON OPTIONS IN HOUSING.

IN FACT, THE BRIEF FROM NACA IN RESPONSE TO MY CONSULTATION PAPER POINTED OUT THAT "SENIORS AND COMMUNITY GROUPS WHO WISH TO DEVELOP HOUSING PROJECTS ARE FREQUENTLY NOT FAMILIAR WITH HOUSING PROGRAMS AND REGULATIONS AND REQUIRE ASSISTANCE". THE BRIEF SUGGESTED THAT INFORMATION AND TECHNICAL RESOURCES BE EXPANDED TO ASSIST SENIORS AND COMMUNITY GROUPS TO DEVELOP HOUSING FOR SENIORS.



THIS AND OTHER RECOMMENDATIONS RESULTED FROM A SERIES OF MEETINGS WITH SENIORS ACROSS CANADA SPONSORED JOINTLY BY NACA AND CMHC AS PART OF NACA'S EXCELLENT "LISTEN TO ME" ACTION PLAN, WHICH ALL OF YOU ARE NO DOUBT AWARE OF.

THE RESULT IS A NEW PUBLICATION, NOW UNDERWAY, THAT WILL RESPOND TO THE DEMAND FOR INFORMATION.

THE NEW PUBLICATION, TO BE ENTITLED "HOUSING AN AGING POPULATION", IS INTENDED TO BROADEN HOUSING CHOICES FOR OLDER PERSONS IN THREE WAYS: IT WILL PROVIDE INFORMATION AND RESOURCE MATERIAL ON THE CHARACTERISTICS OF THE ELDERLY; IT WILL DESCRIBE THE RANGE OF HOUSING FORMS THAT ARE AVAILABLE TO THEM; AND IT WILL SET OUT THE DEVELOPMENT PROCESS IN SOME DETAIL.

THE NEW PUBLICATION DEALS WITH A VARIETY OF LIFESTYLES AND NEEDS AND WILL BE A UNIQUE AND VALUABLE ADDITION TO THE RESOURCES AVAILABLE TO SENIORS.

IN ADDITION TO THIS JOINT ENTERPRISE, CMHC IS PRODUCING A PUBLICATION THAT WILL PROVIDE A BETTER UNDERSTANDING OF HOUSING OPTIONS OPEN TO SENIORS. IT WILL COVER THE VARIOUS METHODS OF FINANCING HOMES, DESIGN OPTIONS, AND THE SOCIAL SUPPORT SYSTEM. IT WILL -- QUITE POSSIBLY FOR THE FIRST TIME -- BRING TOGETHER IN



ONE PUBLICATION THE WIDE VARIETY OF INFORMATION THAT IS NOW AVAILABLE IN A GREAT NUMBER OF SEPARATE PUBLICATIONS.

CMHC IS CURRENTLY CONDUCTING A NUMBER OF OTHER STUDIES THAT YOU MIGHT LIKE TO HEAR ABOUT.

I SUPPOSE MOST OF US HAVE HEARD OF "GRANNY FLATS", FOR EXAMPLE, A NAME COINED BY THE AUSTRALIANS FOR A SMALL, ONE-BEDROOM HOUSE THAT IS TEMPORARILY PLACED ON THE PROPERTY OF A CLOSE RELATIVE. FOR THESE HOMES, ELECTRICITY AND WATER ARE SUPPLIED THROUGH CONNECTIONS MADE TO THE MAIN HOUSE.

CMHC HAS BEEN WORKING WITH THE MANUFACTURED HOUSING INDUSTRY TO EXPLORE THE POTENTIAL OF GRANNY FLATS. THE TECHNIQUES FOR SIMILAR HOUSING USED IN SWEDEN AND JAPAN ARE UNDER STUDY AS WELL.

OTHER CURRENT STUDIES INVOLVING CMHC INCLUDE HOME SHARING, HOUSE EXCHANGE, EMERGENCY ALARM SYSTEMS, AND METHODS OF USING EQUITY AS INCOME, SUCH AS REVERSE MORTGAGES AND EQUITY CONVERSION.

I HOPE I HAVE INDICATED BY THESE WORDS THAT THE CANADIAN GOVERNMENT IS WELL AWARE OF THE PROBLEMS AND THE NEEDS OF ITS ELDERLY CITIZENS, AND IS DOING SOMETHING ABOUT IT. WE BELIEVE VERY STRONGLY IN THE CONSULTATION PROCESS IN ORDER TO OBTAIN

INFORMATION, IDEAS, SUGGESTIONS AND RECOMMENDATIONS THAT WILL HELP US TO PUT TOGETHER POLICIES AND PROGRAMS OF REAL VALUE TO CANADIANS.

SENIORS ARE VERY MUCH PART OF OUR CONCERNS. I HOPE THAT THIS ORGANIZATION AND OTHERS WITH YOUR INTERESTS AT HEART WILL CONTINUE TO TELL US ABOUT THE NEEDS AND CONCERNS OF SENIORS, AND RECOMMEND SOLUTIONS. WE MAY NOT ALWAYS BE ABLE TO RESPOND AS YOU WOULD LIKE, BUT I CAN PROMISE YOU THAT NO SUBMISSION WILL BE TREATED IN A PERFUNCTORY WAY; ALL WILL BE GIVEN SERIOUS ATTENTION.

THANK YOU FOR INVITING ME HERE TODAY. IT HAS BEEN A PLEASURE TO TALK TO YOU, AND I LOOK FORWARD TO PARTICIPATING IN THE PANEL DISCUSSION.

# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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COLUMBIA HOUSING ADVISORY ASSOCIATION  
TENTH ANNIVERSARY CELEBRATION  
VANCOUVER, BRITISH COLUMBIA  
APRIL 24, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement

I WAS VERY PLEASED TO RECEIVE THE INVITATION TO SPEAK TO YOU ON YOUR TENTH ANNIVERSARY CELEBRATION. I WAS ESPECIALLY PLEASED AT ITS TIMING, SINCE IT WILL GIVE ME THE OPPORTUNITY TO TALK TO YOU ABOUT THE NEW FEDERAL APPROACH TO SOCIAL AND CO-OPERATIVE HOUSING. I WILL ALSO SAY A FEW WORDS ABOUT THE AGREEMENT IN SOCIAL HOUSING THAT THE FEDERAL GOVERNMENT AND THE PROVINCE SIGNED YESTERDAY.

IN HER KIND LETTER INVITING ME HERE TODAY, YOUR EXECUTIVE DIRECTOR, SHIRLEY SCHMID, GAVE ME A FEW IMPRESSIVE FIGURES ON THE TEN-YEAR ACTIVITIES OF COLUMBIA HOUSING ADVISORY ASSOCIATION. SHE DESCRIBED IT AS CANADA'S LARGEST ORGANIZER OF HOUSING CO-OPERATIVES, AND POINTED OUT THAT DURING THE LAST DECADE, COLUMBIA PRODUCED MORE THAN FOUR THOUSAND UNITS OF HOUSING FOR TEN THOUSAND CO-OPERATIVE MEMBERS. THE TOTAL VALUE OF THIS NEW CONSTRUCTION EXCEEDED TWO HUNDRED MILLION DOLLARS.

BEFORE DEALING WITH THE DETAILS OF THE NEW CO-OPERATIVE HOUSING PROGRAM, I'D LIKE TO DESCRIBE BRIEFLY JUST HOW THE NEW APPROACH CAME ABOUT.

MORE THAN A YEAR AGO, IN JANUARY OF 1985, I ISSUED A CONSULTATION PAPER ON HOUSING, IN ORDER TO STIMULATE DEBATE AND FOCUS DISCUSSION. I INVITED ALL THOSE WITH AN INTEREST IN HOUSING POLICY TO GIVE US THEIR VIEWS, THEIR IDEAS AND THEIR RECOMMENDATIONS. I WANTED AS BROAD A RANGE OF HOUSING INTERESTS AS POSSIBLE TO PARTICIPATE IN THE DEVELOPMENT OF NEW FEDERAL HOUSING POLICIES.



THE CONSULTATION PAPER FOCUSSED ON THREE BROAD, FUNDAMENTAL QUESTIONS. THESE WERE:

WHAT ROLE SHOULD GOVERNMENTS PLAY IN HOUSING?

WHAT SHOULD BE THE PRIORITIES FOR THE ALLOCATION OF LIMITED GOVERNMENT RESOURCES?

WHAT PROGRAMS ARE MOST EFFECTIVE IN MEETING OUR GOALS AND HOW CAN THEY BEST BE ADMINISTERED?

MY CONSULTATION PAPER WAS DISTRIBUTED TO MORE THAN 8,000 CANADIANS, AND FOLLOWING THE RECEIPT OF BRIEFS A SERIES OF MEETINGS WITH INTEREST GROUPS WAS INITIATED. IN MARCH AND APRIL OF LAST YEAR, MY PARLIAMENTARY SECRETARY AND I MET WITH SOCIAL HOUSING GROUPS, INDUSTRY AND MUNICIPAL ASSOCIATIONS, AND ORGANIZATIONS REPRESENTING THE POOR, THE ELDERLY, THE DISABLED, AND ABORIGINAL PEOPLE.

IN ADDITION, I RECEIVED MANY WRITTEN BRIEFS AND LETTERS FROM ORGANIZATIONS AND INDIVIDUALS.

INTENSIVE DISCUSSIONS WERE ALSO UNDERTAKEN WITH PROVINCIAL AND TERRITORIAL GOVERNMENTS. I HELD TWO FEDERAL/PROVINCIAL MINISTERIAL CONFERENCES AND ALSO BILATERAL MEETINGS WITH EACH PROVINCE AND TERRITORY. THE MAIN PURPOSE OF THESE DISCUSSIONS WAS TO IMPROVE FEDERAL-PROVINCIAL COOPERATION IN HOUSING.



THIS PROCESS OF CONSULTATION, WHICH WAS INTENDED TO EXAMINE EXISTING PROGRAMS AND LOOK AT OTHER OPTIONS FOR MORE EFFECTIVE USE OF FEDERAL HOUSING DOLLARS, PROVIDED IMPORTANT REGIONAL AND LOCAL PERSPECTIVES.

THE CO-OPERATIVE HOUSING FOUNDATION OF CANADA, THROUGH ITS PRESIDENT, SHIRLEY SCHMID, MADE AN EXCEEDINGLY THOUGHTFUL AND VERY POSITIVE PRESENTATION, CONTAINING CONCRETE PROPOSALS FOR A NEW APPROACH. THE PROPOSAL WAS IN PART A RESPONSE TO EXPRESSED CONCERN OVER THE TARGETING OF THE CO-OPERATIVE PROGRAM, AS WELL AS ITS COSTS.

A NEW CO-OPERATIVE PROGRAM BASED ON INDEX-LINKED FINANCING WAS THE BASIS OF THE PROPOSAL FROM THE C.H.F. THIS WAS A RADICAL DEPARTURE FROM CONVENTIONAL THINKING -- IN CANADA, AT LEAST.

INDEX-LINKED FINANCING IS WIDELY USED IN SOME OTHER COUNTRIES, SUCH AS BRITAIN AND DENMARK, ALTHOUGH IT IS NOT YET PROVEN FOR LONG-TERM APPLICATION. FOR THAT REASON, THIS FINANCIAL INSTRUMENT IS SEEN AS EXPERIMENTAL AT THIS TIME.

AFTER STUDYING THE PROPOSAL, I ASKED CMHC TO INVESTIGATE ITS POTENTIAL WITH THE CHF. SINCE AUGUST OF LAST YEAR, CMHC AND CHF HAVE MET FREQUENTLY ON THE PROPOSAL, AND SUFFICIENT PROGRESS WAS

MADE THAT LAST DECEMBER I WAS ABLE TO PUBLICLY ANNOUNCE THE FEDERAL INTENT TO PURSUE THE PROGRAM. SINCE THEN, MANY MORE DISCUSSIONS HAVE BEEN HELD. A GOOD DEAL OF RESEARCH HAS ALSO BEEN UNDERTAKEN ON VARIOUS ASPECTS OF THE PROPOSED PROGRAM.

I CONGRATULATE MS. SCHMID AND THE CHF FOR PRESENTING A FIRM, POSITIVE PROPOSAL FOR A NEW APPROACH TO CO-OPERATIVE HOUSING.

THIS NEW APPROACH TAKES IT OUT OF THE MAINSTREAM OF SOCIAL HOUSING PROGRAMS. THE CHANGES ARE BASED ON THE PRINCIPLE THAT GOVERNMENT ASSISTANCE SHOULD BE TARGETED TO HOUSEHOLDS IN CORE NEED -- THOSE THAT ARE REQUIRED TO PAY MORE THAN 30 PER CENT OF TOTAL HOUSEHOLD INCOME FOR HOUSING. THE NEW PROGRAM LIMITS FEDERAL SUBSIDIES TO THOSE IN CORE NEED.

THE CO-OPERATIVE PROGRAM HAS BEEN REDESIGNED, THEN, TO SERVE TWO GROUPS: MODERATE-INCOME HOUSEHOLDS THAT CANNOT AFFORD INDEPENDENT OWNERSHIP IN TODAY'S MARKETPLACE, AND HOUSEHOLDS THAT ARE IN CORE NEED.

IN THIS WAY, CO-OPERATIVE HOUSING WILL CONTINUE TO SERVE SOCIAL HOUSING NEEDS WHILE PROVIDING SECURITY OF TENURE FOR THOSE WHO DO NOT REQUIRE GOVERNMENT ASSISTANCE BUT NEVERTHELESS CANNOT AFFORD HOMEOWNERSHIP IN TODAY'S MARKET.

THE NEW PROGRAM WILL ACHIEVE THESE OBJECTIVES THROUGH THE USE OF INDEX-LINKED MORTGAGES AS WELL AS MINIMAL SUBSIDIES. SOME UNITS WILL ALSO BE ELIGIBLE FOR RENT SUPPLEMENTS TO ENABLE LOW-INCOME CANADIANS TO HAVE DECENT HOUSING. AN AVERAGE OF ABOUT 30 PER CENT OF THE UNITS IN ANY FEDERALLY ASSISTED CO-OPERATIVE WILL BE USED TO HOUSE THE CORE NEEDY.

WE ARE NOW GETTING THE FINAL DETAILS OF THE NEW CO-OPERATIVE PROGRAM INTO SHAPE, AND CMHC IS WORKING CLOSELY WITH THE CHF TO TIE UP ALL THE LOOSE ENDS.

AS YOU KNOW, CMHC STARTED CALLING FOR PROJECT PROPOSALS EARLIER THIS MONTH. NO DOUBT MANY OF YOU ARE WORKING HARD AND ENTHUSIASTICALLY ON YOUR PROJECTS RIGHT NOW.

IT IS PROBABLY NOT NECESSARY TO STATE THAT I BELIEVE IN THE CO-OPERATIVE HOUSING PROGRAM AS A SOURCE OF QUALITY HOUSING FOR CANADIANS OF MODERATE AND LOW INCOME. I THINK YOU KNOW THAT.

HOWEVER, I AM WELL AWARE, AS I'M SURE YOU ARE, THAT THE CO-OPERATIVE PROGRAM UNDER SECTION 56.1 OF THE NATIONAL HOUSING ACT HAS OFTEN BEEN CRITICIZED AS FAR TOO EXPENSIVE AN INSTRUMENT FOR ADDING TO CANADA'S STOCK OF QUALITY HOUSING.

THESE POINTS WERE MADE FREQUENTLY -- AND, I MIGHT ADD, SOMETIMES VEHEMENTLY DURING LAST YEAR'S CONSULTATION PROCESS.

I STILL BELIEVED STRONGLY, HOWEVER, THAT CANADIANS WHO COULD NOT BE DESCRIBED AS NEEDY BUT WHO STILL COULD NOT AFFORD TO BUY A HOME, SHOULD HAVE ACCESS TO A PROGRAM THAT WOULD OFFER LONG-TERM SECURITY OF TENURE.

BECAUSE OF THIS BELIEF, I WAS MORE THAN PLEASED WHEN THE CHF PROPOSED TO ME A NEW PROGRAM THAT WOULD RECOGNIZE THE POTENTIAL OF CO-OPERATIVE HOUSING AND AT THE SAME TIME MEET THE CRITICISMS OF COST AND TARGETING. AS ALL OF YOU KNOW, THE NEW PROGRAM IS BASED ON A MORTGAGE LINKED TO THE CONSUMER PRICE INDEX RATHER THAN THE LENDER'S LONG-RANGE CALCULATION OF PROBABILITIES.

THE CHF HOPES THAT THIS NEW FINANCIAL INSTRUMENT, BACKED BY THE FEDERAL GOVERNMENT, WILL ALLOW THE CONSTRUCTION OF CO-OPERATIVE HOUSING PROJECTS WITH PRIVATE FUNDING.

I, IN TURN, HOPE THAT THE EXPERIMENT WITH INDEX-LINKED MORTGAGES WILL BE SUCCESSFUL, AND THAT CANADIANS WILL RESPOND ENTHUSIASTICALLY TO THE NEW PROGRAM. IN THIS WAY, THE CO-OPERATIVE HOUSING MOVEMENT COULD CONTINUE TO DEVELOP WITHOUT THE LIMITS IMPOSED BY HEAVY FEDERAL SUBSIDIES.



I WOULD LIKE TO SAY A FEW WORDS ABOUT THE NEW AGREEMENT IN SOCIAL HOUSING SIGNED YESTERDAY WITH THE PROVINCE BECAUSE IT DOES REPRESENT A SIGNIFICANT DEPARTURE FROM THE TRADITIONAL APPROACH TO SOCIAL HOUSING.

I CANNOT EMPHASIZE TOO STRONGLY THAT THE PROVISIONS OF THE AGREEMENT REPRESENT AN ENTIRELY NEW DIRECTION IN THE JOINT EFFORTS OF THIS PROVINCE AND THE FEDERAL GOVERNMENT TO HELP THOSE WITH URGENT HOUSING NEEDS.

OUR OBJECTIVE IS TO PROVIDE THIS HELP IN THE MOST EFFICIENT AND EFFECTIVE WAY POSSIBLE AND TO THE GREATEST NUMBER OF PEOPLE. I BELIEVE THE NEW APPROACH WE ARE TAKING WILL ACHIEVE THAT.

THROUGH THIS AGREEMENT, OUR TWO GOVERNMENTS WILL BE COMMITTED TO WORK TOGETHER, IN FULL COOPERATION, TO MEET HOUSING NEEDS IN BRITISH COLUMBIA.

IN GENERAL TERMS, THE NEW DIRECTIONS IN SOCIAL HOUSING CONSIST OF THESE THREE ELEMENTS:

- THE TARGETING OF ALL FEDERAL SOCIAL HOUSING ASSISTANCE TO HOUSEHOLDS MOST IN NEED OF HELP;



- A NEW, MORE FLEXIBLE PACKAGE OF PROGRAMS THAT WILL BE COST-EFFECTIVE AND WILL BE ABLE TO RESPOND WELL TO REGIONAL AND LOCAL CONDITIONS WHERE NEED IS MOST URGENT;
- AN EXPANDED ROLE FOR THE PROVINCES IN THE DELIVERY OF PROGRAMS TO REDUCE ADMINISTRATIVE COSTS AND DUPLICATION, AS WELL AS TO INCREASE THE FINANCIAL CONTRIBUTION OF PROVINCES TO SOCIAL HOUSING.

WE HAVE MOVED TOWARDS A NEW AND CO-OPERATIVE RELATIONSHIP WITH THE PROVINCES IN THE DELIVERY AND ADMINISTRATION OF SOCIAL HOUSING PROGRAMS. THROUGH THIS APPROACH, NOT ONLY CAN WE REDUCE DUPLICATION AND ADMINISTRATIVE COSTS, WE CAN INCREASE THE OVERALL FINANCIAL CONTRIBUTION OF THE PROVINCES TO SOCIAL HOUSING.

IN TAKING THIS STEP, WE ARE VERY DEFINITELY NOT TRANSFERRING FEDERAL RESPONSIBILITY FOR SOCIAL HOUSING TO THE PROVINCES. PROVINCIAL PROGRAM DELIVERY CARRIES WITH IT CERTAIN SPECIFIC CONDITIONS.

THESE CONDITIONS INCLUDE FINANCIAL CONTRIBUTIONS BY THE PROVINCES, ACCESS BY PRIVATE NON-PROFIT GROUPS, ACCEPTANCE OF NATIVE TARGETS AND INVOLVEMENT IN DELIVERY, AND THE PROVISION OF NECESSARY INFORMATION.

IN ADDITION, JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

AND FINALLY, I WOULD JUST LIKE TO MENTION THE RELATIONSHIP BETWEEN SHIRLEY SCHMID AND ME DURING THE PAST YEAR. WE MET FROM TIME TO TIME, BUT OUR CORRESPONDENCE CAN ONLY BE DESCRIBED AS VOLUMINOUS.

SHE PRESENTED THE VIEWS AND RECOMMENDATIONS OF THE CO-OPERATIVE HOUSING FOUNDATION WITH FORCE, CLARITY AND CERTAIN KNOWLEDGE OF THE REQUIREMENTS OF CO-OPERATIVE CLIENTS. WE DID NOT ALWAYS AGREE, BUT I CERTAINLY LEARNED TO RESPECT THE VIEWS OF THE CO-OPERATIVE HOUSING FOUNDATION.

AGAIN, THANK YOU FOR INVITING ME HERE TO SPEAK TO YOU TODAY.

# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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## SIGNING OF THE CANADA/QUEBEC SOCIAL HOUSING AGREEMENT

QUEBEC, QUEBEC

MAY 13, 1986



Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



I AM VERY HAPPY THAT THE GOVERNMENT OF QUEBEC HAS AGREED, WITH THE GOVERNMENT OF CANADA, TO ESTABLISH A NEW PARTNERSHIP TO HELP MORE EFFICIENTLY AND EFFECTIVELY THOSE WHO NEED HOUSING IN THE PROVINCE OF QUEBEC.

UNDER THE NEW AGREEMENTS IN SOCIAL HOUSING THAT MR. BOURBEAU AND I SIGNED TODAY OUR TWO GOVERNMENTS WILL WORK TOGETHER AND WILL SHARE THEIR RESOURCES TO HELP THE HOUSEHOLDS IN NEED IN QUEBEC.

JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES ARE MET.

THE FEDERAL GOVERNMENT IS ENTERING INTO NEW ARRANGEMENTS WITH THE PROVINCES AND TERRITORIES IN SOCIAL HOUSING. THESE ARRANGEMENTS REPRESENT A VITAL PART OF OUR NEW DIRECTIONS FOR HOUSING SOLUTIONS, WHICH EMERGED FROM OUR EXTENSIVE CONSULTATIONS WITH HOUSING GROUPS AS WELL AS WITH THE PROVINCES AND TERRITORIES, AND WHICH I ANNOUNCED IN DECEMBER.

OUR NEW DIRECTIONS IN SOCIAL HOUSING CONSIST OF SEVERAL MAIN ELEMENTS:

- ° THE TARGETING OF ALL FEDERAL ASSISTANCE TO HOUSEHOLDS IN CORE NEED, THOSE WHO MUST PAY MORE THAN 30 PER CENT OF THEIR INCOME FOR HOUSING;
- ° THE PROVISION OF A NEW PACKAGE OF PROGRAMS THAT CAN BE APPLIED WITH GREATER FLEXIBILITY TO ENSURE THAT THE SOLUTIONS PUT IN PLACE ARE COST-EFFECTIVE AND RESPOND TO VARYING LOCAL AND REGIONAL CONDITIONS;  
AND
- ° AN EXPANDED ROLE FOR THE PROVINCES IN PROGRAM DELIVERY TO REDUCE ADMINISTRATIVE COSTS AND DUPLICATION AND TO INCREASE, ON A NATIONAL BASIS, THE FINANCIAL CONTRIBUTION OF THE PROVINCES TO SOCIAL HOUSING.



I AM PLEASED THAT THE GOVERNMENT OF QUEBEC HAS DECIDED TO COST-SHARE THE NON-PROFIT AND RENT SUPPLEMENT PROGRAMS. THE FEDERAL GOVERNMENT WILL COVER 65 PER CENT OF THE COSTS WHILE QUEBEC'S SHARE WILL BE 35 PER CENT FOR THE PUBLIC NON-PROFIT PROGRAM AND 75 AND 25 PER CENT RESPECTIVELY FOR PRIVATE NON-PROFIT ORGANIZATIONS.

THE COSTS OF THE RENT SUPPLEMENT PROGRAM WILL BE SHARED BY THE FEDERAL AND PROVINCIAL GOVERNMENTS AT THE RATE OF 65 AND 35 PER CENT RESPECTIVELY.

THE FEDERAL GOVERNMENT WILL ASSUME 75 PER CENT OF THE COSTS OF THE RURAL AND NATIVE HOUSING PROGRAM.

ALL THESE PROGRAMS WILL BE ADMINISTERED BY THE PROVINCE.

AS PART OF THE SOCIAL HOUSING PROGRAM MIX, FEDERAL ASSISTANCE FOR REHABILITATION WILL SUPPORT THE SOCIAL HOUSING OBJECTIVE OF TARGETING ASSISTANCE TO LOW-INCOME HOUSEHOLDS WHO OWN OR OCCUPY INADEQUATE DWELLINGS. THE AGREEMENT THAT WE SIGNED TODAY WHICH PROVIDES FOR A 50/50 PER CENT PARTICIPATION IN THIS FIELD WILL MAKE IT POSSIBLE TO EXTEND ACCESSIBILITY TO THE REHABILITATION PROGRAM FOR THE WHOLE QUEBEC TERRITORY.

NATIVE PEOPLE IN RURAL AREAS WILL BE INVOLVED IN THE DELIVERY OF THE PROGRAM AND WILL BE ABLE TO BENEFIT FROM REHABILITATION ASSISTANCE, THANKS TO A 75 PER CENT PARTICIPATION BY THE FEDERAL GOVERNMENT.

I WANT TO EMPHASIZE THAT IN DIRECTING ASSISTANCE TO NEEDY HOUSEHOLDS WE ARE NOT RETURNING TO THE TYPE OF PUBLIC HOUSING THAT CREATED A CONCENTRATION OF LOW-INCOME HOUSING AND SPARKED COMMUNITY RESISTANCE. INCOME MIXING WILL BE ACHIEVED AT THE COMMUNITY LEVEL THROUGH SMALL-SCALE, SCATTERED PROJECTS. FURTHER, QUEBEC WILL EXERCISE THE OPTION OF INCLUDING HOUSEHOLDS BEYOND THE DEFINITION OF THOSE IN NEED IN PROJECTS. IN THESE LATTER CASES, THE PROVINCE ALONE WILL ASSUME THE NECESSARY COSTS AND THE FEDERAL SUBSIDIES WILL NOT APPLY.

THE NEW AGREEMENT THAT MR. BOURBEAU AND I SIGNED TODAY MEANS THAT OUR TWO GOVERNMENTS WILL CONTINUE TO WORK TOGETHER CO-OPERATIVELY TO ENSURE THAT THOSE WITH HOUSING NEEDS IN QUEBEC ARE HELPED IN AN EFFECTIVE AND EFFICIENT MANNER.



# Remarks by the Honourable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

# Discours de l'honorable Bill McKnight

ministre responsable de la  
Société canadienne d'hypothèques  
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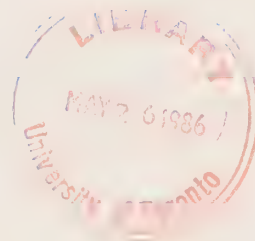
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SPEAKING NOTES FOR  
THE HONOURABLE BILL MCKNIGHT  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION



ANNUAL CONFERENCE  
URBAN DEVELOPMENT INSTITUTE OF CANADA  
OTTAWA, ONTARIO  
MAY 15, 1986

Canada



Canada Mortgage  
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I WAS PLEASED TO RECEIVE THE INVITATION TO SPEAK AT YOUR CONFERENCE TODAY. YOUR INSTITUTE AND CMHC HAVE ALWAYS HAD A CLOSE AND REWARDING ASSOCIATION, AND OVER THE YEARS YOU HAVE SHOWN GENUINE INTEREST IN GOOD HOUSING AT AFFORDABLE PRICES FOR CANADIANS AT ALL INCOME LEVELS.

THIS WAS EVIDENT IN UDI'S SUBMISSION AND OUR LATER MEETINGS IN RESPONSE TO MY CONSULTATION PAPER ON HOUSING, WHICH WAS RELEASED IN JANUARY OF LAST YEAR.

AS I HAVE STATED PUBLICLY MANY TIMES BEFORE, THE CONSULTATION PROCESS WAS A COMPLETE SUCCESS. THE SUBMISSIONS FROM INTERESTED ORGANIZATIONS AND INDIVIDUALS ASSISTED US GREATLY IN PUTTING TOGETHER THE NEW DIRECTIONS IN HOUSING.

I WAS PARTICULARLY PLEASED IN THE RESPONSE OF YOUR INSTITUTE. IT DID NOT IGNORE THE REALITIES OF THE MARKET PLACE -- FAR FROM IT -- BUT IT SHOWED CONCERN FOR THE NEEDS OF LOW-INCOME FAMILIES, AND THEIR PROBLEMS IN OBTAINING SUITABLE AND AFFORDABLE HOUSING. YOUR SUBMISSION CONTAINED A NUMBER OF USEFUL THOUGHTS WHICH WERE LATER REFLECTED IN THE FINAL DECISIONS.

I BELIEVE THAT ALL OF YOU ARE AWARE BY THIS TIME OF THE SPECIFIC PROVISIONS CONTAINED IN THE NEW FEDERAL HOUSING INITIATIVES. FOR

THAT REASON I WON'T DESCRIBE THEM, BUT I WOULD LIKE TO MENTION A NUMBER OF NEW INITIATIVES THAT RELATE DIRECTLY TO RECOMMENDATIONS FROM YOUR INSTITUTE.

YOUR SUBMISSION MADE THESE SPECIFIC RECOMMENDATIONS:

- ° THAT GOVERNMENT FUNDS BE DIRECTED TO THOSE MOST IN NEED;
- ° THAT PROVINCES SHOULD BE RESPONSIBLE FOR THE DELIVERY OF SOCIAL HOUSING PROGRAMS TO ELIMINATE WASTE AND DUPLICATION;
- ° THAT THE FEDERAL GOVERNMENT AVOID SHORT-TERM STIMULUS MEASURES WHICH DISRUPT THE HOUSING MARKET WITHOUT CONSULTATION WITH INDUSTRY;
- ° THAT WE INVESTIGATE MORTGAGE MARKET INNOVATIONS AND SUPPORT PROPOSED AMENDMENTS TO THE INTEREST ACT TO ALLOW A GREATER VARIETY OF MORTGAGE INSTRUMENTS.

THESE ARE A FEW OF THE MAJOR RECOMMENDATIONS THAT UDI MADE IN ITS SUBMISSION, WE ACTED UPON ALL OF THEM.

- ° GOVERNMENT EXPENDITURES FOR SOCIAL HOUSING ARE NOW DIRECTED ONLY TO THE CORE NEEDY;

- ° WE ARE NOW SIGNING AGREEMENTS WITH THE PROVINCES TO DELIVER SOCIAL HOUSING PROGRAMS;
- ° OUR POLICY IS TO AVOID SHORT-TERM STIMULUS MEASURES WITHOUT PRIOR CONSULTATION WITH THE INDUSTRY;
- ° WE HAVE LOOKED INTO INNOVATIVE MORTGAGE INSTRUMENTS AND WE ARE INTRODUCING THE MORTGAGE-BACKED SECURITIES PROGRAM AND ARE EXPERIMENTING WITH INDEX-LINKED MORTGAGES IN CO-OPERATIVE HOUSING PROJECTS. WE ALSO SUPPORT THE DEVELOPMENT OF VARIABLE RATE MORTGAGES;
- ° AND I AM LENDING MY SUPPORT TO THE PROPOSED AMENDMENTS TO THE INTEREST ACT.

I WOULD LIKE TO MENTION BRIEFLY SOME OTHER FEDERAL INITIATIVES THAT RESULTED FROM THE CONSULTATION PROCESS.

ONE OF THESE IS REGULATORY REFORM. I KNOW THAT SOMETIMES REGULATIONS ON RESIDENTIAL CONSTRUCTION, NO MATTER HOW SENSIBLE THEY APPEAR TO BE, OR HOW WELL-INTENTIONED, GET IN THE WAY OF EFFICIENCY AND ECONOMY. THEY ARE IMPOSED, AS A RULE, IN THE INTERESTS OF SAFETY OR HEALTH, AND ARE ALMOST ALWAYS NECESSARY SAFEGUARDS.

THE REPORT ON MARKET HOUSING THAT PROVINCIAL HOUSING MINISTERS AND I ACCEPTED AT OUR CALGARY CONFERENCE ALMOST A YEAR AGO INCLUDED THE RECOMMENDATION THAT MUNICIPAL GOVERNMENTS BE ENCOURAGED TO REVIEW THEIR APPROVAL PROCESSES AND REGULATIONS WITH A VIEW TOWARDS REDUCING COSTS TO THE DEVELOPMENT INDUSTRY.

THERE IS NO QUESTION THAT IT IS TIME TO TAKE A VERY LONG LOOK AT THE REGULATORY ENVIRONMENT TO DETERMINE IF SOME RESTRICTIONS OR REQUIREMENTS IMPOSE UNNECESSARY HARDSHIPS ON BUILDERS AND DEVELOPERS.

UDI AND OTHER INTERESTED BODIES WILL BE ASKED TO PARTICIPATE DURING THE EXAMINATION OF SOME OF THE ELEMENTS OF THE REGULATORY ENVIRONMENT AND WAYS OF IMPROVING IT. THIS WILL BE A MAJOR UNDERTAKING OVER THE NEXT FEW YEARS.

ANOTHER INITIATIVE IS THE CREATION OF A NATIONAL HOUSING RESEARCH COMMITTEE TO HELP ENSURE CONTINUED QUALITY HOUSING IN CANADA. THE COMMITTEE WILL FACILITATE THE COORDINATION OF FEDERAL, PROVINCIAL AND INDUSTRY ACTIVITIES IN HOUSING RESEARCH.

RESEARCH IN THE FIELD OF HOUSING OVER THE YEARS -- MUCH OF IT UNDERTAKEN OR SPONSORED BY CMHC -- HAS HELPED KEEP CANADIANS AMONG THE BEST-HOUSED PEOPLE IN THE WORLD.

IN JUST ABOUT EVERY AREA IMAGINABLE -- FROM DESIGN AND STRUCTURE TO PLUMBING AND HEATING, FROM NEW MATERIALS TO NEW TECHNIQUES -- RESEARCH HAS CONTINUALLY HELPED TO MOVE THE INDUSTRY FORWARD.

BUT THE RESULTS OF RESEARCH MUST BE WIDELY KNOWN TO BE TRULY EFFECTIVE, AND THE PURPOSE OF THE COMMITTEE IS TO ALLOW PARTICIPANTS TO DISCUSS, PLAN AND CARRY OUT THEIR RESEARCH, AND TO PROMOTE BETTER COMMUNICATIONS AND DISSEMINATION OF RESULTS. THE URBAN DEVELOPMENT INSTITUTE WILL BE INVITED TO BE A PART OF THE COMMITTEE, WHICH WILL HOLD ITS FIRST MEETING THIS SUMMER. BEFORE THE MEETING, CMHC WILL CONSULT WITH UDI AND OTHERS ABOUT THE COMMITTEE'S TERMS OF REFERENCE.

THESE EXAMPLES WILL, I THINK, SERVE TO EMPHASIZE THAT LAST YEAR'S CONSULTATIONS WITH ALL SEGMENTS OF THE HOUSING INDUSTRY WERE INVALUABLE TO US IN PUTTING TOGETHER NEW AND EFFECTIVE POLICIES AND PROGRAMS AS PART OF OUR NEW DIRECTION IN HOUSING.

IN MY VIEW, IT IS IMPERATIVE THAT THE INDUSTRY AND THE FEDERAL GOVERNMENT COLLABORATE IN THE PRODUCTION OF BETTER HOUSING FOR CANADIANS. NEITHER YOU NOR I CAN OPERATE EFFECTIVELY IN A VACUUM, AND TO ENSURE THAT WE BOTH UNDERSTAND AND APPRECIATE THE PROBLEMS, THE DIFFICULTIES AND THE OPPORTUNITIES THAT EXIST IN THE HOUSING FIELD, WE MUST CONTINUE TO CONSULT IN AN OPEN AND FRANK WAY.



OUR OBJECTIVE, THROUGH THESE AND OTHER MEASURES, IS TO CREATE THE SORT OF ENVIRONMENT IN WHICH THE HOUSING INDUSTRY AND OTHER PRIVATE ENTREPRENEURS CAN THRIVE. WE REALIZE HOW IMPORTANT THIS IS, SINCE WE MUST RELY IN LARGE PART ON PRIVATE BUILDERS TO PROVIDE MOST CANADIANS WITH GOOD, AFFORDABLE HOUSING.

THE DROP IN INTEREST RATES FROM THE SUMMER OF 1984 TO THE PRESENT CREATED A MARKED UPSURGE IN THE HOUSING MARKET. LAST YEAR, HOUSING STARTS, AT MORE THAN 165,000, WERE AT THE HIGHEST LEVEL SINCE 1981. THIS WAS AN INCREASE OF 23 PER CENT OVER THE PREVIOUS YEAR. STARTS THIS YEAR ARE EXPECTED TO BE 170,000 WHICH IS SLIGHTLY MORE THAN LAST YEAR.

THE SIGNIFICANT POINT IS THAT THE SURGE IN HOUSING STARTS WAS PRODUCED BY MARKET FORCES. CANADA IS WELL ON THE ROAD TO ECONOMIC RECOVERY, AND THE MAIN JOB OF THE FEDERAL GOVERNMENT RIGHT NOW IS TO MAKE SURE THAT IT STAYS THAT WAY.

I'D LIKE TO TAKE A FEW MOMENTS NOW TO SPEAK ABOUT ANOTHER VENTURE IN CONSULTATIVE MANAGEMENT.

AS MANY OF YOU KNOW, THE FEDERAL MORTGAGE INSURANCE PROGRAM HAS BEEN UNDER SERIOUS STUDY LATELY IN ORDER TO EXAMINE HOW IT COULD BE MADE MORE EFFECTIVE AND EFFICIENT IN SERVING THE NEEDS OF MORTGAGE LENDERS AND BORROWERS.

AMONG THE MESSAGES THAT CAME THROUGH VERY CLEARLY DURING LAST YEAR'S CONSULTATIONS WAS THAT ACCESS TO HOMEOWNERSHIP AND THE PRODUCTION OF RENTAL HOUSING MUST REMAIN NATIONAL HOUSING POLICY CONCERNS. WE WERE STRONGLY ADVISED TO CONTINUE OUR PUBLIC MORTGAGE INSURANCE PROGRAM IN ORDER TO ENSURE THAT ALL CANADIANS HAD ACCESS TO MORTGAGES WITH LOW DOWN PAYMENTS.

THESE VIEWS WERE ENDORSED AT A CONFERENCE OF FEDERAL AND PROVINCIAL HOUSING MINISTERS IN JULY OF LAST YEAR. THEY WERE SUPPORTED AS WELL IN A STUDY TEAM REPORT ON HOUSING, WHICH WAS PART OF THE MINISTERIAL TASK FORCE ON GOVERNMENT PROGRAM REVIEW.

THE SUPPORT WE FOUND FOR THE MORTGAGE INSURANCE PROGRAM ENCOURAGED US TO GO FURTHER IN THE CONSULTATION PROCESS AND SEEK THE VIEWS, THE IDEAS AND THE ADVICE OF AS MANY INTERESTED CANADIANS AS POSSIBLE.

AS A RESULT, WE RECENTLY INVITED A NUMBER OF ORGANIZATIONS, INCLUDING THE URBAN DEVELOPMENT INSTITUTE, TO PARTICIPATE IN THE FINAL STUDY.

WE DISTRIBUTED TO KEY ORGANIZATIONS A DISCUSSION PAPER WITH THE SOMEWHAT LENGTHY TITLE "NATIONAL HOUSING ACT MORTGAGE LOAN INSURANCE: A BACKGROUND DOCUMENT ON OPTIONS FOR THE FUTURE".

THE PURPOSE OF THE DOCUMENT IS TO FACILITATE AND FOCUS DIALOGUE SO THAT PUBLIC INPUTS CAN BE ACCURATELY REFLECTED IN POLICY RECOMMENDATIONS. IN OTHER WORDS, WE'RE LISTENING TO YOU, AND WE'LL ONCE AGAIN PAY SERIOUS ATTENTION TO YOUR VIEWS.

INCIDENTALLY, ADDITIONAL COPIES OF THE DISCUSSION PAPER ARE AVAILABLE HERE FOR THOSE WHO ARE INTERESTED.

WITH THE HELP OF THE ADVICE AND IDEAS WE RECEIVE, WE INTEND TO REMODEL THE OPERATING APPROACH AND PROGRAM DESIGN TO ENSURE THAT NHA MORTGAGE INSURANCE MEETS ITS PUBLIC POLICY OBJECTIVES IN THE MOST EFFECTIVE AND EQUITABLE WAY POSSIBLE.

THE DISCUSSION PAPER IS A THOUGHTFUL DOCUMENT THAT DEFINES THE ISSUES, PROVIDES A GREAT DEAL OF BACKGROUND AND EXPLANATORY MATERIAL, AND SUGGESTS POSSIBLE OPTIONS TO PRESENT PROCEDURES, DISCUSSING THE PROS AND CONS OF EACH.

IT IS WELL WORTH SERIOUS STUDY, AND SHOULD RESULT IN A NUMBER OF THOUGHTFUL AND USEFUL IDEAS. I WILL LOOK FORWARD TO SEEING UDI'S SUGGESTIONS FOR IMPROVING THE PROGRAM.

BEFORE CLOSING, I WOULD LIKE TO EMPHASIZE ONCE AGAIN THAT FEDERAL CONSULTATION WITH THE INDUSTRY IS A CONTINUING PROCESS. WE HAVE

A COMMON OBJECTIVE: TO PROVIDE ALL CANADIANS WITH THE HOUSING THEY NEED AT A PRICE THEY CAN AFFORD.

TOGETHER, WE CAN ACCOMPLISH THAT. YOU DON'T NEED A FORMAL INVITATION TO CONSULT WITH ME OR MY OFFICIALS ON HOUSING MATTERS. WHENEVER YOUR INDUSTRY HAS SOMETHING TO DISCUSS, WE'RE READY TO TALK TO YOU. WE MAY NOT ALWAYS BE ABLE TO RESPOND AS YOU WOULD LIKE, BUT I CAN PROMISE YOU THAT NO PROBLEM OR SUGGESTION WILL BE HANDLED IN A SUPERFICIAL WAY; ALL WILL BE GIVEN SERIOUS ATTENTION.

I HAVE ENJOYED MEETING WITH YOU TODAY, AND I APPRECIATE THIS OPPORTUNITY TO SAY A FEW WORDS TO YOU. MANY THANKS FOR INVITING ME.





# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

For Release: MAY 26, 1986  
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SPEAKING NOTES FOR  
THE HONOURABLE BILL MCKNIGHT  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION



18TH ANNUAL SYMPOSIUM  
OF THE CANADIAN ASSOCIATION OF  
HOUSING AND RENEWAL OFFICIALS  
TORONTO, ONTARIO  
MAY 26, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



THANK YOU FOR INVITING ME TO BE YOUR SPEAKER AT THIS OPENING LUNCHEON OF YOUR SYMPOSIUM.

I APPRECIATE BEING HERE TODAY BECAUSE YOUR ASSOCIATION IS IMPORTANT TO US BOTH IN FORMULATING AND IN ASSESSING HOUSING PROGRAMS. IN TODAY'S TERMINOLOGY, "YOU ARE WHERE THE ACTION IS" AND YOUR DAY-BY-DAY ACTIVITIES GIVE YOU A PRACTICAL INSIGHT INTO HOUSING PROBLEMS AND HOW EFFECTIVELY OUR PROGRAMS WORK.

AS A RESULT, YOUR PARTICIPATION WITH CMHC IN PROGRAM EVALUATION AND REVIEWS OVER THE YEARS HAS OFTEN HELPED TO PRODUCE POLICIES AND PROGRAMS THAT PROVED TO BE EFFECTIVE IN PROVIDING CANADIANS, PARTICULARLY LOW-INCOME CANADIANS, WITH DECENT, AFFORDABLE HOUSING. OUR FUTURE LINKS WITH CAHRO WILL BE JUST AS IMPORTANT AS THEY HAVE BEEN IN THE PAST.

I'M ESPECIALLY PLEASED WITH THE CONTRIBUTION OF CAHRO IN DEVELOPING OUR NEW HOUSING DIRECTIONS. DURING LAST YEAR'S PERIOD OF EXTENSIVE CONSULTATIONS, YOUR LEADERSHIP MET WITH ME AND WITH CMHC OFFICIALS, AND SUBMITTED A THOUGHTFUL, DETAILED BRIEF THAT WAS MOST HELPFUL TO US IN PUTTING TOGETHER THE NEW APPROACH TO HOUSING.

NATURALLY ENOUGH, ONE AREA WHICH HAS BEEN MOST THOROUGHLY DISCUSSED BY CMHC AND CAHRO IS HOUSING RENOVATION, ESPECIALLY THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM.

THE NEW RRAP DIFFERS FROM ITS PREDECESSORS IN A FEW SIGNIFICANT WAYS, AS YOU KNOW. MOST IMPORTANTLY, IT IS DIRECTED TO THE CORE NEEDY -- THAT LARGE SEGMENT OF LOW-INCOME HOUSEHOLDS THAT CANNOT AFFORD SUITABLE AND ADEQUATE HOUSING WITHOUT PAYING MORE THAN 30 PER CENT OF THEIR INCOME ON SHELTER.

WE HAVE ELIMINATED THE ARBITRARY GEOGRAPHICAL BOUNDARIES AROUND RRAP AREAS AND MADE THE PROGRAM AVAILABLE ON A UNIVERSAL BASIS.

THE UNIFORM INCOME LIMITS OF THE FORMER RRAP DID NOT TAKE INTO ACCOUNT DIFFERENCES IN THE COST AND AVAILABILITY OF HOUSING BY REGION, URBAN OR RURAL AREAS, OR BY LOCAL MARKET CONDITIONS. AS A RESULT, THE PROGRAM DID NOT ALWAYS ADEQUATELY SERVE THOSE HOUSEHOLDS MOST IN NEED.

THE NEW PROGRAM IS DESIGNED TO DO JUST THAT: SERVE THE MOST NEEDY HOUSEHOLDS IN A FAIR AND EQUITABLE MANNER FROM ONE END OF THIS COUNTRY TO THE OTHER.

IN THE CASE OF RENTAL-RRAP, WE ARE INCREASING THE ASSISTANCE AVAILABLE TO LANDLORDS FROM AN AVERAGE OF ABOUT \$3,500 TO \$12,000 PER UNIT. THIS IS BEING DONE TO PREVENT EXCESSIVE RENT INCREASES AND THE CONSEQUENT DISPLACEMENT OF PEOPLE WHO NEED HELP. ASSISTANCE WILL BE DIRECTED TO THE OLDER, LOWER-COST HOUSING STOCK OCCUPIED LARGELY BY LOW-INCOME HOUSEHOLDS. MOREOVER,

ASSISTANCE LEVELS WILL REFLECT MARKET CONDITIONS AND WILL DEPEND ON THE RELATION BETWEEN THE RENTS IN A GIVEN PROJECT AND THE AVERAGE MARKET RENT IN THE AREA.

I SHOULD MENTION HERE THAT WE ARE BEGINNING TO PROMULGATE THE RRAP BUDGET THIS WEEK.

THESE CHANGES IN RRAP WERE NOT MADE ARBITRARILY. THEY RESULTED IN LARGE PART FROM THE RESULTS OF THE CONSULTATION PROCESS, INCLUDING THE CAHRO BRIEF, WHICH WAS ONE OF THE MOST COMPREHENSIVE RECEIVED AND CONTAINED A GREAT NUMBER OF RECOMMENDATIONS.

THE CHANGES ALSO RESULTED FROM A THOROUGH EVALUATION OF RRAP CONDUCTED BY CMHC'S PROGRAM EVALUATION DIVISION WITH THE CO-OPERATION, ASSISTANCE AND ADVICE OF A NUMBER OF ORGANIZATIONS, INCLUDING YOUR OWN.

I'D LIKE TO SAY A FEW WORDS ABOUT THE EVALUATION PROCESS, BECAUSE IT INDICATES THE EMPHASIS WE ARE PLACING ON THE MONITORING OF PROGRAMS TO ASSESS HOW EFFECTIVELY THEY ARE WORKING.

WHEN THE EVALUATION FIRST GOT UNDERWAY, AN ADVISORY COMMITTEE WAS SET UP FOR ADVICE AND GUIDANCE, AND TO REVIEW THE FINDINGS AS WELL AS THE FINAL EVALUATION REPORT. CAHRO WAS NATURALLY REPRESENTED ON THE ADVISORY COMMITTEE, AS WERE A FEW OTHER KEY ORGANIZATIONS.



THE EVALUATION INCLUDED THE EXAMINATION OF ISSUES REGARDING THE RATIONALE FOR THE PROGRAM, ACHIEVEMENT OF OBJECTIVES, THE IMPACTS AND EFFECTS OF THE PROGRAM AND ALTERNATIVE PROGRAM DESIGNS. AN IMPORTANT PART OF THE EVALUATION WAS A SURVEY OF MUNICIPAL OFFICIALS, DELIVERY AGENTS AND OTHERS INTERESTED IN THE DELIVERY OF RRAP.

THE ADVISORY COMMITTEE MET AT KEY POINTS IN THE PROCESS. IT REVIEWED PRELIMINARY FINDINGS OF THE ANALYSIS, AS WELL AS THE DRAFT REPORT AND, SUBSEQUENTLY, THE REVISED FINAL REPORT.

WE WERE PLEASED WITH THE CO-OPERATION AND SUPPORT WE RECEIVED FROM ALL PARTICIPATING BODIES. THIS WAS ANOTHER GOOD EXAMPLE OF THE CONSULTATION PROCESS, AND ONCE AGAIN IT WORKED WELL.

MEMBERS OF CAHRO ARE FAMILIAR WITH THE FINDINGS OF THE EVALUATION, SO I WILL NOT GO INTO THEM IN DETAIL. I WOULD LIKE TO MENTION A FEW OF THE HIGHLIGHTS, HOWEVER.

THE EVALUATION SHOWED, FIRST, THAT THERE WAS A RATIONALE FOR GOVERNMENT INVOLVEMENT IN RESIDENTIAL REHABILITATION. IT ALSO SHOWED THAT THERE WERE MORE THAN ONE MILLION HOUSEHOLDS IN NEED OF MAJOR REPAIRS. VERY MANY OF THESE HOUSEHOLDS SIMPLY COULD NOT AFFORD TO HAVE THOSE REPAIRS DONE.

THE EVALUATION SHOWED THAT RRAP WAS GENERALLY WELL TARGETED TO LOW AND MODERATE-INCOME HOUSEHOLDS. A MAJOR DRAWBACK, HOWEVER, WAS THAT WITHIN THIS GROUP, THE PROGRAM WAS NOT EFFECTIVELY ASSISTING THOSE WHO WERE MOST IN NEED. I'LL COME BACK TO THIS POINT IN A MOMENT.

ANOTHER OF THE KEY FINDINGS WAS THAT THE UNIFORM INCOME LIMITS TO QUALIFY FOR ASSISTANCE LIMITED THE ABILITY OF THE PROGRAM TO SERVE THOSE MOST IN NEED. IT ALSO FOUND THAT THE DESIGNATED AREA APPROACH, SERVED TO EXCLUDE MANY HOUSEHOLDS IN CORE NEED BECAUSE THEIR DWELLING WAS OUTSIDE SUCH AN AREA.

A FINAL HIGHLIGHT, I AM PLEASED TO SAY, WAS THAT DELIVERY OF THE PROGRAM BY AGENTS ACTING ON BEHALF OF CMHC WAS EFFICIENT AND EFFECTIVE.

THE FINDING THAT CONCERNED US MOST WAS THAT THE PROGRAM WAS NOT EFFECTIVELY REACHING THOSE MOST IN NEED. THE MAJOR THRUST OF THE NEW DIRECTIONS WE ARE TAKING IN ALL SOCIAL HOUSING PROGRAMS IS TO TARGET ALL ASSISTANCE TO THE CORE NEEDY. THIS OBVIOUSLY MEANT REVISIONS TO RRAP WERE IN ORDER, AND WE MADE THEM.

I KNOW THAT SOME MEMBERS OF CAHRO ARE NOT IN COMPLETE AGREEMENT WITH THE CHANGES IN RRAP, AND I CAN UNDERSTAND YOUR CONCERN. I KNOW HOW MUCH IMPORTANCE YOU ATTACH TO RRAP, AND YOU NATURALLY WANT THE PROGRAM TO REACH AS MANY LOW AND MODERATE-INCOME GROUPS AS POSSIBLE.

BUT OUR FINANCIAL RESOURCES FOR SOCIAL HOUSING ARE NOT UNLIMITED, AS YOU KNOW. WE HAVE A CERTAIN BUDGET WITHIN WHICH TO WORK, AND IT SEEMS SENSIBLE TO ME TO DIRECT ALL AVAILABLE FUNDS TO THOSE WHO NEED HELP THE MOST.

HOWEVER, I WANT TO ASSURE YOU THAT PRESENT POLICIES ARE NOT INFLEXIBLE. YOUR VIEWS AND RECOMMENDATIONS, IN THIS AS IN OTHER AREAS, ARE IMPORTANT TO US, AND WE ARE KEEPING THEM VERY MUCH IN MIND.

WE WILL BE MONITORING RRAP VERY CAREFULLY TO ASSESS RESULTS AND DETECT ANY SHORTCOMINGS THAT MAY TURN UP. IF IT BECOMES EVIDENT, AFTER A FAIR TRIAL PERIOD, THAT RRAP -- OR ANY OTHER PROGRAM -- IS NOT AS EFFECTIVE AS WE WOULD LIKE, WE WILL NOT HESITATE TO MAKE NECESSARY CHANGES. WE WILL, OF COURSE, CONTINUE TO LOOK TO CAHRO AND OTHER INTERESTED AND INVOLVED ORGANIZATIONS FOR ADVICE AND GUIDANCE.

I HAVE SPOKEN SO FAR ONLY ABOUT RRAP, BECAUSE I BELIEVE THAT THIS PROGRAM IS, AT THE MOMENT, YOUR MAJOR CONCERN. I BELIEVE AS WELL THAT YOU ARE -- FOR THE MOST PART, AT ANY RATE -- FAMILIAR WITH AND SUPPORT OTHER SOCIAL HOUSING INITIATIVES.

.../7

OUR NEW APPROACH ALLOWS DELIVERY OF SOCIAL HOUSING AND RENOVATION PROGRAMS BY PROVINCES THAT MAKE A FINANCIAL CONTRIBUTION TOWARDS THE PROGRAMS. THIS IS AN IMPORTANT STEP, IN THAT IT WILL REDUCE WASTE AND DUPLICATION OF EFFORT, AND ALLOW MORE FUNDS TO BE DIRECTED TO NEEDY HOUSEHOLDS.

IN FACT, THIS YEAR THE NEW INITIATIVES IN SOCIAL HOUSING, TAKEN IN COMBINATION, WILL NEARLY DOUBLE THE NUMBER OF CANADIANS IN CORE HOUSING NEED WHO WILL RECEIVE HELP.

AS IN THE PAST, MUNICIPAL NON-PROFITS, ALONG WITH PRIVATE NON-PROFIT GROUPS, WILL CONTINUE TO PLAY A MAJOR ROLE IN THE DEVELOPMENT OF SOCIAL HOUSING PROJECTS. TWO KEY CRITERIA IN PROJECT SELECTION WILL BE NEED, TO ENSURE PROJECTS ARE WELL-TARGETED TO MEET THE HOUSING REQUIREMENTS OF LOW-INCOME HOUSEHOLDS, AND COST-EFFECTIVENESS, TO PROVIDE SUBSIDY ASSISTANCE IN THE MOST EFFICIENT WAY TO HOUSEHOLDS IN NEED.

IN DIRECTING ALL FEDERAL SOCIAL HOUSING ASSISTANCE TO HOUSEHOLDS IN NEED, WE ARE NOT RETURNING TO THE TYPE OF PUBLIC HOUSING THAT CREATED LOW-INCOME GHETTOS AND GENERATED COMMUNITY RESISTANCE.

INCOME-MIXING REMAINS AN IMPORTANT FEDERAL HOUSING OBJECTIVES AND WILL BE ACHIEVED IN SEVERAL WAYS. IT WILL BE ACHIEVED WITHIN THE DEFINITION OF HOUSEHOLDS IN NEED, WHICH IS GENERALLY BROAD ENOUGH TO ALLOW FOR A CONSIDERABLE RANGE OF INCOME GROUPS TO BE SERVED. FOR EXAMPLE, IN TORONTO, 3-4 PERSON HOUSEHOLDS WITH TOTAL HOUSEHOLD INCOMES UP TO \$27,500 WILL BE ELIGIBLE FOR ASSISTANCE.



IT WILL ALSO BE POSSIBLE TO ACHIEVE INCOME-MIXING AT THE COMMUNITY LEVEL THROUGH SMALL-SCALE, SCATTERED PROJECTS. FURTHER, UNDER THE NEW FEDERAL-PROVINCIAL ARRANGEMENTS, PROVINCES HAVE THE OPTION OF INCLUDING HOUSEHOLDS BEYOND THE DEFINITION OF THOSE IN NEED, ALTHOUGH IN SUCH CASES, FEDERAL SUBSIDIES WILL NOT APPLY.

I'D LIKE TO TAKE A FEW MINUTES NOW TO MENTION BRIEFLY SOME OTHER FEDERAL INITIATIVES THAT RESULTED DIRECTLY FROM THE CONSULTATION PROCESS.

ONE OF THESE IS REGULATORY REFORM.

THE REPORT ON MARKET HOUSING THAT PROVINCIAL HOUSING MINISTERS AND I ACCEPTED AT OUR CALGARY CONFERENCE ALMOST A YEAR AGO INCLUDED THE RECOMMENDATION THAT MUNICIPAL GOVERNMENTS BE ENCOURAGED TO REVIEW THEIR APPROVAL PROCESSES AND REGULATIONS WITH A VIEW TOWARDS REDUCING COSTS TO THE HOUSING INDUSTRY.

I BELIEVE THAT SOMETIMES REGULATIONS ON RESIDENTIAL CONSTRUCTION, NO MATTER HOW SENSIBLE THEY APPEAR TO BE, OR HOW WELL-INTENTIONED, GET IN THE WAY OF EFFICIENCY AND ECONOMY. THEY ARE IMPOSED, AS A RULE, IN THE INTERESTS OF SAFETY OR HEALTH, AND ARE ALMOST ALWAYS NECESSARY SAFEGUARDS.



BUT SOME OF THEM MAY BE OUTDATED OR, FOR ONE REASON OR ANOTHER, NO LONGER NECESSARY, AND COULD IMPOSE HARDSHIPS ON BUILDERS AND DEVELOPERS THAT MIGHT BE AVOIDED.

I FEEL SURE THAT A POSITIVE STEP IN REGULATORY REFORM COULD HELP SUBSTANTIALLY IN REDUCING HOUSING COSTS AND ASSISTING THOSE UNABLE TO AFFORD HOMEOWNERSHIP.

I AM VERY SUPPORTIVE OF THE INITIATIVE TAKEN BY YOUR ASSOCIATION, ALONG WITH THE FEDERATION OF CANADIAN MUNICIPALITIES AND THE CANADIAN HOME BUILDERS' ASSOCIATION, IN PROPOSING A NATIONAL STUDY OF THE REGULATORY ENVIRONMENT AS IT RELATES TO HOUSING. CMHC WILL BE PROCEEDING WITH THE SPONSORING GROUPS AND THE PROVINCES ON THE STUDY. THE FEDERAL GOVERNMENT WANTS TO WORK WITH INTERESTED PARTIES TO IMPROVE AND STREAMLINE REGULATORY PROCESSES, SO THAT THE REGULATORY ENVIRONMENT DOES NOT INHIBIT THE PRODUCTION OF INNOVATIVE AND AFFORDABLE HOUSING.

ANOTHER INITIATIVE IS THE CREATION OF A NATIONAL HOUSING RESEARCH COMMITTEE TO HELP ENSURE CONTINUED QUALITY HOUSING IN CANADA. THE COMMITTEE WILL FACILITATE THE COORDINATION OF FEDERAL, PROVINCIAL AND INDUSTRY ACTIVITIES IN HOUSING RESEARCH.

THIS TYPE OF RESEARCH OVER THE YEARS -- MUCH OF IT UNDERTAKEN OR SPONSORED BY CMHC -- HAS HELPED KEEP CANADIANS AMONG THE BEST-HOUSED PEOPLE IN THE WORLD.

IN JUST ABOUT EVERY AREA IMAGINABLE -- FROM DESIGN AND STRUCTURE TO NEW MATERIALS AND NEW TECHNIQUES AND JUST ABOUT EVERYTHING IN BETWEEN -- RESEARCH HAS CONTINUALLY HELPED TO MOVE THE HOUSING INDUSTRY FORWARD.

BUT THE RESULTS OF RESEARCH MUST BE WIDELY KNOWN TO BE TRULY EFFECTIVE, AND THE PURPOSE OF THE COMMITTEE IS TO ALLOW PARTICIPANTS TO DISCUSS, PLAN AND CARRY OUT THEIR RESEARCH, AND TO PROMOTE BETTER COMMUNICATION AND DISSEMINATION OF RESULTS. CAHRO WILL BE INVITED TO BE A PART OF THE COMMITTEE, WHICH WILL HOLD ITS FIRST MEETING THIS SUMMER. BEFORE THE MEETING, CMHC WILL CONSULT WITH CAHRO AND OTHERS ABOUT THE TERMS OF REFERENCE.

AS MANY OF YOU KNOW, THE FEDERAL MORTGAGE INSURANCE PROGRAM HAS BEEN UNDER SERIOUS STUDY LATELY IN ORDER TO EXAMINE HOW IT COULD BE MADE MORE EFFECTIVE AND EFFICIENT IN SERVING THE NEEDS OF MORTGAGE LENDERS AND BORROWERS.

AMONG THE MESSAGES THAT CAME THROUGH VERY CLEARLY DURING LAST YEAR'S CONSULTATIONS WAS THAT ACCESS TO HOMEOWNERSHIP AND THE PRODUCTION OF RENTAL HOUSING MUST REMAIN NATIONAL HOUSING POLICY CONCERNS. WE WERE STRONGLY ADVISED TO CONTINUE OUR PUBLIC MORTGAGE INSURANCE PROGRAM IN ORDER TO ENSURE THAT ALL CANADIANS HAD ACCESS TO MORTGAGES WITH LOW DOWN PAYMENTS.

THESE VIEWS WERE ENDORSED AT THE CONFERENCE OF FEDERAL AND PROVINCIAL HOUSING MINISTERS IN JULY OF LAST YEAR. THEY WERE SUPPORTED AS WELL IN A STUDY TEAM REPORT ON HOUSING, WHICH WAS PART OF THE MINISTERIAL TASK FORCE ON GOVERNMENT PROGRAM REVIEW.

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AS A RESULT, WE RECENTLY INVITED A NUMBER OF ORGANIZATIONS, INCLUDING CAHRO, TO PARTICIPATE IN THE FINAL STUDY.

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IT IS WELL WORTH SERIOUS STUDY, AND SHOULD RESULT IN A NUMBER OF THOUGHTFUL AND USEFUL IDEAS. I WILL LOOK FORWARD TO SEEING SUGGESTIONS FOR IMPROVING THE PROGRAM.

LASTLY, I WANT TO MENTION THE INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS AND IN PARTICULAR THE CONFERENCE YOU ARE ORGANIZING FOR SEPTEMBER 1987 IN OBSERVANCE OF THE YEAR. I WANT YOU TO KNOW THAT I AM VERY SUPPORTIVE OF YOUR INITIATIVE AND OF YOUR REQUEST FOR FUNDING SUPPORT. THE GOVERNMENT IS REVIEWING REQUESTS FOR FINANCIAL SUPPORT FROM A NUMBER OF NON-GOVERNMENTAL ORGANIZATIONS PLANNING ACTIVITIES RELATING TO THE INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS, AND I EXPECT THAT AN ANNOUNCEMENT WILL BE MADE ON FEDERAL INVOLVEMENT AND SUPPORT VERY SHORTLY.

AS I SAID AT THE OUTSET, I APPRECIATE THIS OPPORTUNITY TO SPEAK TO YOU BECAUSE OF THE CLOSE ASSOCIATION CMHC HAS HAD WITH CAHRO OVER THE YEARS. THANK YOU FOR INVITING ME.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

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ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SPEAKING NOTES FOR  
THE HONOURABLE BILL MCKNIGHT  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION

IN RESPONSE TO OPPOSITION  
MOTION ON HOUSING  
MAY 30, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement





## SPEAKING NOTES

MR. SPEAKER, FIRST OF ALL, I WANT TO SAY THAT I AM PLEASED WITH THE HONOURABLE MEMBER FROM HAMILTON EAST'S COMMITMENT TO DIRECTING SOCIAL HOUSING ASSISTANCE TO THOSE HOUSEHOLDS MOST IN NEED.

AS MEMBERS KNOW, LAST DECEMBER I ANNOUNCED IN THIS HOUSE SIGNIFICANT CHANGES TO THE FEDERAL GOVERNMENT'S SOCIAL HOUSING AND RESIDENTIAL REHABILITATION ASSISTANCE PROGRAMS. THE MAJOR OBJECTIVE OF THESE CHANGES IS TO MORE RESPONSIVELY TARGET FEDERAL HOUSING RESOURCES IN ORDER TO PROVIDE FAIR AND EFFECTIVE NATIONAL HOUSING SOLUTIONS FOR CANADIANS IN NEED OF HOUSING ASSISTANCE. ONE OF THE KEY FEATURES OF OUR NEW DIRECTIONS IS THE PROVISION OF A HIGH DEGREE OF REGIONAL AND LOCAL SENSITIVITY TO SOCIAL HOUSING TARGETING.

THIS NEW DIRECTION FOR HOUSING SOLUTIONS RESULTS FROM AN EXTENSIVE PROCESS OF POLICY REVIEW WHICH INCLUDED CONSULTATIONS WITH A VARIETY OF INTEREST GROUPS. I, MY PARLIAMENTARY SECRETARY, JOE PRICE, MY STAFF AND CMHC OFFICIALS PERSONALLY MET WITH ORGANIZATIONS SUCH AS THE NATIONAL ANTI-POVERTY ORGANIZATION. WE MET WITH BOTH PUBLIC AND PRIVATE ASSOCIATIONS INVOLVED IN SOCIAL HOUSING. GROUPS REPRESENTING ORGANIZATIONS CONCERNED WITH THE ELDERLY WERE INVOLVED, AS WERE THOSE GROUPS DEALING WITH THE DISABLED. NATIVE GROUPS WERE ALSO CONSULTED. IN FACT, THOSE

ORGANIZATIONS REPRESENTING THOSE MEMBERS OF SOCIETY MOST DIS-ADVANTAGED WHEN IT COMES TO HOUSING WERE EXTENSIVELY REPRESENTED DURING THE CONSULTATION PROCESS. THIS WAS IN ADDITION TO INDUSTRY AND FINANCIAL INSTITUTIONS. AT THE SAME TIME, EXTENSIVE DISCUSSIONS WITH THE PROVINCES AND TERRITORIES WERE UNDERTAKEN,

DURING THIS COMPLEX AND FAR RANGING CONSULTATION PROCESS WITH SUCH DIVERSE GROUPS AND INTERESTS, A CONSENSUS EMERGED. THIS CONSENSUS INDICATED THAT THE NEW DIRECTION IN FEDERAL HOUSING POLICY SHOULD IMPROVE TARGETING AND ENSURE THAT FEDERAL HOUSING RESOURCES ARE DIRECTLY FOCUSSED ON THOSE IN NEED OF HOUSING ASSISTANCE.

THERE WAS ALSO A CONSENSUS THAT THE MOST COST-EFFECTIVE HOUSING SOLUTIONS SHOULD BE UNDERTAKEN AND THAT THERE SHOULD BE A MIX OF PROGRAM OPTIONS SO THAT THERE IS THE FLEXIBILITY TO PROVIDE ASSISTANCE APPROPRIATE TO THE HOUSING PROBLEMS EXPERIENCED BY THOSE IN NEED IN A PARTICULAR AREA. THIS WAS DONE IN RECOGNITION OF THE FACT THAT THERE ARE DIFFERING ECONOMIC ENVIRONMENTS AND HOUSING MARKET CONDITIONS THROUGHOUT THE COUNTRY.

THE FEDERAL GOVERNMENT'S NEW PACKAGE OF SOCIAL HOUSING PROGRAMS, WITH ALL ASSISTANCE DIRECTED TO HOUSEHOLDS IN NEED, REFLECTS THE CONCERNS AND RECOMMENDATIONS RAISED DURING THE CONSULTATION

PROCESS. THE PACKAGE IS A SIGNIFICANT IMPROVEMENT OVER PREVIOUS PROGRAMS, UNDER WHICH ONLY 40 PER CENT OF THE ASSISTANCE WAS TARGETED TO THOSE IN CORE HOUSING NEED. WITH PROVINCIAL AND TERRITORIAL COST-SHARING UNDER THE NEW PROGRAMS, AND WITH BETTER USE OF THE FEDERAL BUDGET, WE WILL BE ABLE TO SERVE ALMOST DOUBLE THE NUMBER OF HOUSEHOLDS IN NEED ON AN ANNUAL BASIS NATIONALLY.

HOUSEHOLDS IN NEED ARE DEFINED AS THOSE WHO EXPERIENCE AN AFFORDABILITY, ADEQUACY OR CROWDING PROBLEM AND WHO CANNOT OBTAIN ADEQUATE, SUITABLE ACCOMMODATION WITHOUT PAYING 30 PER CENT OR MORE OF THEIR INCOME FOR RENT, AS WELL AS THOSE WITH A NEED FOR SPECIAL PURPOSE HOUSING. ESTIMATES INDICATE THAT OVER A MILLION HOUSEHOLDS IN THE COUNTRY ARE IN SUCH CIRCUMSTANCES.

THE APPLICATION OF THE CORE NEED INCOME THRESHOLDS WILL GREATLY ASSIST IN ENSURING THAT THE FEDERAL OBJECTIVE OF DIRECTING ALL SOCIAL HOUSING RESOURCES TO THOSE MOST IN NEED IS MET.

THE CORE NEED INCOME THRESHOLDS MEASURE THE INCOME REQUIRED FOR HOUSEHOLDS OF DIFFERENT SIZES TO AFFORD, WITHOUT PAYING 30 PER CENT OR MORE OF THEIR INCOME, THE AVERAGE MARKET RENT FOR ADEQUATE, SUITABLE ACCOMMODATION AVAILABLE WITHIN A SPECIFIC GEOGRAPHIC AREA. THESE THRESHOLDS VARY BY COMMUNITY AND BY GEOGRAPHIC AREA AND ARE DESIGNED TO REFLECT THE DIFFERENCES IN

HOUSING COSTS THAT EXIST THROUGHOUT THE COUNTRY. CORE NEED INCOME THRESHOLDS RECOGNIZE THE VAST DIFFERENCES THAT EXIST IN HOUSING MARKETS BETWEEN VARIOUS COMMUNITIES ACROSS THE COUNTRY.

THERE HAVE BEEN SOME CONCERNS EXPRESSED REGARDING THE USE OF THESE CORE NEED THRESHOLDS. SOME HAVE ARGUED THAT THEY ARE TOO HIGH, WHILE OTHERS HAVE ARGUED THAT THEY ARE TOO LOW. THE HONOURABLE MEMBER HAS SUGGESTED THAT WE USE THE NATIONAL COUNCIL OF WELFARE POVERTY LINES AS A MORE ACCURATE INDICATOR OF A HOUSEHOLD'S HOUSING NEEDS.

THE NATIONAL COUNCIL OF WELFARE POVERTY LINES ARE CALCULATED YEARLY ON THE BASIS OF AVERAGE CANADIAN FAMILY EXPENDITURE AT A NATIONAL LEVEL. ALTHOUGH THE POVERTY LINES VARY BY SIZE OF COMMUNITY, NO DETAILED ATTENTION IS GIVEN TO GEOGRAPHIC VARIATIONS IN THE NATIONAL ECONOMY. THEY ARE NOT SENSITIVE TO DIFFERENT LOCAL HOUSING MARKET CONDITIONS AND INDEED ARE NOT GOOD INDICATORS OF HOUSING NEED SINCE AFFORDABILITY, ADEQUACY AND CROWDING PROBLEMS ARE NOT CONSIDERED. IN ESSENCE, THE NATIONAL COUNCIL OF WELFARE STATISTICS, ARE SIMPLY INDICATORS OF INCOME LEVELS NOT HOUSING NEED.

THE PRINCIPLE UPON WHICH FEDERAL HOUSING POLICY IS FOUNDED IS THAT CANADIANS IN ALL PARTS OF THE COUNTRY SHOULD HAVE DECENT AND



ADEQUATE SHELTER AT A LEVEL OF PAYMENT THAT IS AFFORDABLE. OBVIOUSLY, THIS LEVEL WOULD VARY IN DIFFERENT MARKET AREAS. APPLICATION OF THE NATIONAL COUNCIL OF WELFARE POVERTY LINES WOULD NOT ENSURE THAT CANADIANS WITH THE SAME HOUSING PROBLEMS IN DIFFERENT PARTS OF THE COUNTRY WOULD BE EQUALLY ELIGIBLE FOR SOCIAL HOUSING PROGRAMS.

THIS IS PARTICULARLY EVIDENT IN HIGH COST HOUSING MARKETS AS HIGH RENTS OFTEN RESULT IN SEVERE HOUSING NEED. FOR EXAMPLE, THE NATIONAL COUNCIL OF WELFARE POVERTY LINE FOR A 4 PERSON HOUSEHOLD LIVING IN A COMMUNITY WITH A POPULATION IN EXCESS OF 500,000 IS ESTIMATED BY THE NATIONAL COUNCIL AT APPROXIMATELY \$21,700. THE 1986 CORE NEED INCOME THRESHOLD FOR TORONTO FOR A 3 TO 4 PERSON HOUSEHOLD IS \$27,500. THIS REFLECTS THE HIGH COST OF RENTAL HOUSING IN THE CITY. THE CORE NEED INCOME THRESHOLDS ARE BASED ON AVERAGE MARKET RENTS DERIVED FROM LOCALLY SENSITIVE UP TO DATE SURVEYS.

THE CORE NEED INCOME THRESHOLDS, HOWEVER, ARE NOT THE ONLY CRITERIA USED TO DETERMINE WHETHER A HOUSEHOLD IS IN HOUSING NEED. LET ME ILLUSTRATE THIS BY WAY OF A SIMPLE EXAMPLE. UNDER THE NATIONAL COUNCIL ON WELFARE APPROACH A 4 PERSON HOUSEHOLD LIVING IN TORONTO EARNING \$21,700 AND LIVING IN A CROWDED, SUBSTANDARD, DWELLING WOULD BE TREATED THE SAME AS A 4 PERSON

HOUSEHOLD EARNING THE SAME AMOUNT BUT LIVING IN UNCROWDED, ADEQUATE, AFFORDABLE ACCOMMODATION. FROM A HOUSING NEED PERSPECTIVE, HOWEVER, IT WOULD BE HARD TO ARGUE THAT THESE TWO HOUSEHOLDS ARE LIVING IN SIMILAR CIRCUMSTANCES. UNDER THE HOUSING NEED CRITERIA, THE FORMER HOUSEHOLD WOULD BE IN CORE HOUSING NEED AND HENCE ELIGIBLE FOR SOCIAL HOUSING ASSISTANCE. THE LATTER HOUSEHOLD WOULD NOT BE ELIGIBLE BECAUSE ALTHOUGH HAVING A LOW-INCOME, THEY ARE NOT EXPERIENCING A HOUSING PROBLEM.

THE CORE NEED INCOME THRESHOLDS IN CONJUNCTION WITH THE PRESENCE OF AFFORDABILITY, ADEQUACY AND CROWDING PROBLEMS ARE LOCALLY SENSITIVE MEASURES OF HOUSING NEED, WHEREAS THE NATIONAL COUNCIL OF WELFARE POVERTY LINES ARE SIMPLY MEASURES OF RELATIVE EXPENDITURE APPLICABLE AT THE NATIONAL LEVEL ONLY. HOWEVER, I WOULD LIKE TO NOTE THAT OVER 70 PER CENT OF THOSE HOUSEHOLDS IDENTIFIED AS BEING IN CORE HOUSING NEED IN FACT HAVE INCOMES BELOW THE NATIONAL COUNCIL ON WELFARE POVERTY LINE.

I SHOULD ALSO NOTE THAT THE NATIONAL COUNCIL ON WELFARE POVERTY LINES ARE SIMPLY THE STATISTICS CANADA LOW-INCOME CUT-OFFS. THE COUNCIL USES LOW INCOME CUT-OFF AND POVERTY LINE SYNONYMOUSLY. IT IS IMPORTANT TO NOTE THAT STATISTICS CANADA HAS ALWAYS STATED THAT THESE CUT-OFFS SHOULD NOT BE USED TO DETERMINE PROGRAM ELIGIBILITY.

THE NEW DIRECTION FOR HOUSING SOLUTIONS PROVIDES A MIX OF PROGRAM OPTIONS SO THAT THERE IS THE FLEXIBILITY TO PROVIDE ASSISTANCE WHICH WILL BE APPROPRIATE TO THE HOUSING PROBLEMS EXPERIENCED BY THOSE IN NEED RECOGNIZING THAT THERE ARE DIFFERING GEOGRAPHIC AND ECONOMIC ENVIRONMENTS ACROSS CANADA.

THE NEW FEDERAL DIRECTION IN SOCIAL HOUSING ADDRESSES THE NEED FOR THE SUPPLY OF AFFORDABLE AND ADEQUATE HOUSING.

THE NEW NON-PROFIT HOUSING PROGRAM, WILL BE USED TO INCREASE THE SUPPLY OF AFFORDABLE UNITS. UNLIKE THE OLD SECTION 56.1 PROGRAM, WHICH IS FUNDED THROUGH A REDUCTION IN THE MORTGAGE INTEREST RATE TO 2 PER CENT, ASSISTANCE UNDER THE NEW PROGRAM WILL BE BASED ON THE DIFFERENCE BETWEEN PROJECT COSTS AND REVENUES GENERATED BY APPLICATION OF THE RENT-TO-INCOME SCALE. ASSISTANCE WILL BE DIRECTED TO HOUSEHOLDS IN NEED.

A RENT SUPPLEMENT PROGRAM WILL BE PROVIDED TO SUBSIDIZE RENTS IN REGIONS WHERE AN ADEQUATE SUPPLY OF ACCOMMODATION IS AVAILABLE, BUT TARGET HOUSEHOLDS CANNOT AFFORD IT. THE CURRENT PROGRAM WHICH HAS PROVED COST-EFFECTIVE WHERE USED, IS BEING SUBSTANTIAL-  
LY EXPANDED.

WE ARE MAKING A NUMBER OF SIGNIFICANT CHANGES IN FEDERAL RENOVATION ASSISTANCE, WHICH IS DESIGNED TO BRING SUBSTANDARD HOUSING UP TO MINIMUM HEALTH AND SAFETY STANDARDS. THE PRESENT APPROACH OF DESIGNATING AREAS UNDER THE URBAN PROGRAM IS BEING ELIMINATED AND ASSISTANCE WILL BE AVAILABLE, AGAIN TARGETED TO HOUSEHOLDS IN NEED, WITHOUT GEOGRAPHIC LIMIT.

THERE ARE SIGNIFICANT ALTERATIONS IN THE RENTAL RRAP PROGRAM. TO PREVENT EXCESSIVE RENT INCREASES AND THE DISPLACEMENT OF PEOPLE WHO NEED HELP, AS HAS OFTEN HAPPENED UNDER THE PRESENT PROGRAM DESIGN, ASSISTANCE WILL BE INCREASED FROM AN AVERAGE OF \$3,500 TO \$12,000 PER UNIT. ASSISTANCE LEVELS WILL DEPEND ON THE RELATIONSHIP BETWEEN THE RENTS IN THE PROPERTY INVOLVED AFTER RENOVATION, AND THE LOCAL MARKET RENT. ASSISTANCE WILL BE DIRECTED TO THE OLDER, LOWER-COST HOUSING STOCK OCCUPIED LARGELY BY LOW-INCOME HOUSEHOLDS.

A NEW RENOVATION PLAN TO ASSIST THE DISABLED WILL RAISE MAXIMUM FUNDING FROM \$1,500 TO \$5,000. THE MAXIMUM ASSISTANCE WILL BE PROVIDED TO HOMEOWNERS WITH ADJUSTED INCOMES BETWEEN \$23,000 AND \$33,000.

RRAP IN RURAL IS UNCHANGED.



THE PARTICULAR MIX OF THESE PROGRAMS TO BE USED IN VARIOUS AREAS OF THE COUNTRY WILL BE BASED ON AN ASSESSMENT OF THE HOUSING NEEDS TO BE ADDRESSED, THE AVAILABILITY OF ACCOMMODATION IN THE PRIVATE MARKET, AND THE SPECIFIC REQUIREMENTS OF GROUPS WITH SPECIAL HOUSING NEEDS. THIS WILL ENSURE THAT THE STRATEGIES FOLLOWED ARE COST-EFFECTIVE.

HOWEVER, I WANT TO ASSURE YOU THAT PRESENT POLICIES ARE NOT INFLEXIBLE.

WE WILL BE MONITORING THE PROGRAMS VERY CAREFULLY TO ASSESS RESULTS AND DETECT ANY SHORTCOMINGS THAT MAY TURN UP. IF IT BECOMES EVIDENT, AFTER A FAIR TRIAL PERIOD, THAT ANY OF THE PROGRAMS ARE NOT AS EFFECTIVE AS WE WOULD LIKE, WE WILL NOT HESITATE TO MAKE NECESSARY CHANGES. THE CONSULTATION PROCESS IS AN ONGOING ONE.

I HAVE APPRECIATED THIS OPPORTUNITY TO RE-AFFIRM THE GOVERNMENT'S COMMITMENT TO THESE PROGRAMS AND TO SERVING HOUSEHOLDS IN NEED. WE FEEL CONFIDENT THAT THE CORE NEED INCOME THRESHOLDS WHICH ARE LOCALLY DERIVED BUT NATIONALLY CONSISTENT WILL GREATLY ASSIST IN ACHIEVING THE OBJECTIVE OF ASSISTING THOSE CANADIANS WHO NEED THE HELP TO OBTAIN AFFORDABLE, SUITABLE HOUSING THE MOST.

THANK YOU.





# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SPEAKING NOTES FOR  
THE HONOURABLE BILL MCKNIGHT  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION

1986 ANNUAL GENERAL MEETING  
OF THE CO-OPERATIVE HOUSING FOUNDATION  
OTTAWA, ONTARIO  
MAY 30, 1986



Canada



LADIES AND GENTLEMEN, MEMBERS OF THE CANADIAN CO-OPERATIVE HOUSING MOVEMENT.

IT IS EVENTS LIKE THIS WHICH HIGHLIGHT THE STRENGTH OF YOUR MOVEMENT - PEOPLE FROM COAST-TO-COAST COMING TOGETHER TO DETERMINE THE NEAR FUTURE OF SOMETHING THEY BELIEVE IN AND TO PLAN FOR ITS LONG TERM GROWTH.

YOU OBVIOUSLY BELIEVE IN WHAT YOU ARE DOING - THAT'S WHY YOU ARE HERE. I WANT YOU TO KNOW THIS - THAT'S WHY I'M HERE TOO. I BELIEVE AS YOU DO IN THE BENEFITS OF CO-OPERATIVE HOUSING.

I BELIEVE THAT PEOPLE WHO ARE PREPARED TO PLAY AN ACTIVE ROLE IN OBTAINING AND MANAGING THEIR HOUSING SHOULD HAVE THE OPPORTUNITY TO DO SO. CO-OPERATIVE HOUSING PROVIDES SUCH AN OPPORTUNITY. BECAUSE THE ENTIRE MEMBERSHIP OF A CO-OPERATIVE OWNS THE PROJECT COLLECTIVELY, EACH MEMBER CAN HAVE A SAY IN HOW THE PROJECT IS RUN. IN RECOGNIZING THE BENEFITS OF CO-OPERATIVE HOUSING, I HAVE ENCOURAGED THE EXPLORATION OF WAYS IN WHICH THIS ALTERNATIVE FORM OF TENURE CAN BE MADE AVAILABLE TO THOUSANDS OF CANADIAN FAMILIES AND INDIVIDUALS WHO CANNOT ACCESS HOMEOWNERSHIP.

I WANT TO BE UP FRONT WITH YOU, HOWEVER, AS THE MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION AND AS A MEMBER OF THE GOVERNMENT, I AM FACED WITH MANY DEMANDS FOR HELP

ON A DAILY BASIS. SUCH HELP USUALLY HAS A PRICE TAG ATTACHED, AND WHEN MY COLLEAGUES AND I LOOK TO SEE WHAT MONEY IS AVAILABLE, WE ARE ALARMED. WE HAVE A VISION OF CANADA'S FUTURE, AND A CONCERN FOR THAT FUTURE. IT CANNOT BE MORTGAGED TO PAY FOR EXCESSIVE PROGRAMS TODAY.

THIS IS WHY I SET OUT CERTAIN PRINCIPLES IN THE ISSUE PAPER WHICH WAS RELEASED WHEN I INITIATED THE CONSULTATIONS ON FUTURE DIRECTIONS IN HOUSING POLICY IN JANUARY OF 1985. THESE INCLUDED THE FOLLOWING:

- PROGRAMS WERE TO REFLECT THE NEED TO REDUCE THE DEFICIT;
- ASSISTANCE WAS TO BE FOCUSSED ON THOSE MOST IN NEED; AND
- THOSE OUTSIDE OF GOVERNMENT HAD TO BE INVOLVED IN THE RESOLUTION OF PROBLEMS.

WE HAVE TO ENSURE THAT CANADA OPERATES LIKE ONE BIG CO-OPERATIVE. WE HAVE TO SET OUR HOUSE IN ORDER AND WORK TOGETHER TO KEEP IT WORKING AS EFFECTIVELY AS IT CAN, TO THE BENEFIT OF ALL.

THAT IS WHY I WAS PARTICULARLY PLEASED TO SEE YOUR ORGANIZATION, THE CO-OPERATIVE HOUSING FOUNDATION, PARTICIPATE IN THE CONSULTATIONS. I WAS INTRIGUED BY THE POSSIBILITIES CHF PUT FORWARD



DEALING WITH THE USE OF INDEX-LINKED FINANCING. IN RESPONSE TO YOUR SUBMISSION, I ASKED MY OFFICIALS AT CMHC TO MEET WITH YOUR REPRESENTATIVES TO DETERMINE IF WE COULD TOGETHER DEVELOP A NEW CO-OPERATIVE PROGRAM WHICH WOULD BE CONSISTENT WITH OUR OBJECTIVES.

AFTER A FEW MONTHS OF DISCUSSIONS AND RESEARCH, THE BASIC CONCEPT OF A NEW PROGRAM WAS DEVELOPED, ONE WHICH PROMISED TO SIGNIFICANTLY REDUCE THE LEVEL OF FEDERAL ASSISTANCE REQUIRED. I WAS PLEASED TO PRESENT THIS BASIC OUTLINE TO MY CABINET COLLEAGUES. WITH THEIR SUPPORT, I WAS ABLE TO ANNOUNCE IN THE HOUSE LATE LAST YEAR THAT THE FEDERAL GOVERNMENT WOULD BE INTRODUCING A CO-OPERATIVE PROGRAM AS PART OF ITS NEW DIRECTIONS IN HOUSING.

I'D LIKE TO TAKE A BRIEF MOMENT TO OUTLINE THE OTHER ELEMENTS OF THIS NEW DIRECTION.

ONE OF THE KEY FEATURES IS THE EXPANSION OF THE FEDERAL-PROVINCIAL PARTNERSHIPS, WHEREBY THE PROVINCES WILL HAVE A GREATER ROLE IN THE DELIVERY OF HOUSING PROGRAMS AND IN DETERMINING THE MOST APPROPRIATE MIX OF PROGRAMS TO ADDRESS THE PARTICULAR HOUSING PROBLEMS IN THEIR REGIONS.

ALONG WITH THIS EXPANDED ROLE, THE PROVINCES HAVE BEEN CALLED UPON TO PUT MORE RESOURCES INTO THE PROGRAMS, INCREASING OUR OVERALL ABILITY TO ADDRESS THE UNMET HOUSING NEEDS.

IN SOCIAL HOUSING, WE HAVE FOCUSSED OUR PROGRAMS ON SERVING THOSE IN GREATEST NEED - THOSE HOUSEHOLDS WHICH CANNOT OBTAIN ADEQUATE AND SUITABLE ACCOMMODATION WITHIN 30 PER CENT OF THEIR INCOME, AS WELL AS THOSE WITH SPECIAL NEEDS.

THE SOCIAL HOUSING PROGRAMS INCLUDE:

- A NON-PROFIT PROGRAM - UNDER WHICH CO-OPERATIVES ARE ALSO ELIGIBLE - WHICH ASSISTS GROUPS TO BUILD OR ACQUIRE HOUSING TO BE DIRECTED TO THOSE IN CORE NEED.
- A SIMILAR PROGRAM DIRECTED TO THE NEEDS OF URBAN NATIVE HOUSEHOLDS.
- A RENT SUPPLEMENT PROGRAM TO ASSIST THOSE EXPERIENCING AFFORDABILITY PROBLEMS IN THE PRIVATE RENTAL MARKET.
- A UNIVERSAL, NEEDS-DIRECTED REHABILITATION PROGRAM.
- AN IMPROVED REHABILITATION PROGRAM TO MODIFY EXISTING HOUSING TO MEET THE NEEDS OF THOSE WITH DISABILITIES.
- A CONTINUATION OF THE RURAL AND NATIVE HOUSING PROGRAM, WITH A GREATER EMPHASIS ON PARTICIPATION BY NATIVE GROUPS.

IN THE AREA OF MARKET HOUSING, OUR EMPHASIS IS ON CREATING AN ATMOSPHERE OF STABILITY, TO IMPROVE THE AVAILABILITY OF MORTGAGE FUNDS. ONE ASPECT OF OUR STRATEGY HERE IS THE INTRODUCTION OF MORTGAGE-BACKED SECURITIES.

FINALLY, THE FEDERAL GOVERNMENT WILL PLAY A CONTINUING ROLE IN MEASURES TO IMPROVE HOUSING QUALITY, THROUGH RESEARCH, MATERIALS EVALUATION, AND THE DEVELOPMENT OF STANDARDS.

THE THRUST OF THIS NEW DIRECTION IS TO ALLOW THE DEVELOPMENT OF BOTH FLEXIBLE AND COST-EFFECTIVE SOLUTIONS TO CANADA'S HOUSING NEEDS. CO-OPERATIVE HOUSING IS A PART OF THIS NEW DIRECTION, AND I AM CONFIDENT THAT IT WILL CONTRIBUTE TO OUR OVERALL EFFORTS, TO THE BENEFIT OF ALL CANADIANS.

HOWEVER, THAT ANNOUNCEMENT WAS IN ITSELF ONLY ONE MILESTONE ALONG THE ROAD TO IMPLEMENTING A NEW CO-OPERATIVE PROGRAM. SINCE THEN, AS MANY OF YOU KNOW FROM PERSONAL EXPERIENCE, THERE HAVE BEEN AN INTENSIVE SERIES OF MEETINGS, DEVELOPING THE BASIC CONCEPT, CONSIDERING VARIOUS IDEAS, ANALYZING THEM, WEIGHING ALTERNATIVES. IT HAS BEEN A LONG PROCESS, IN LARGE PART BECAUSE OF THE INNOVATIVE FINANCING APPROACH. BUT IT HAS BEEN PURSUED BY DEDICATED PEOPLE, BOTH THE REPRESENTATIVES OF CHF, THE STAFF OF CMHC AND MY OWN ASSISTANTS.

THROUGHOUT IT THERE WERE MANY TIMES WE HAD TO SIT DOWN TOGETHER TO FIND A WAY AROUND SOME PROBLEM OR ANOTHER. I CAN SAY TO YOU SHIRLEY AND TO THOSE WHO WORKED WITH YOU THAT I AND MY OFFICIALS RESPECT THE SINCERITY, THE HONESTY AND, YES, THE FERVOUR WITH WHICH CHF PRESENTED ITS CASE. I TRUST THAT CHF PARTICIPANTS HAVE A SIMILAR APPRECIATION OF THE WAY IN WHICH FEDERAL REPRESENTATIVES HAVE PURSUED THEIR TASK. I AM CONFIDENT THAT MY OFFICIALS HAVE BEEN GUIDED BY A SENSE OF RESPONSIBILITY AND HAVE TRIED, WITHIN THE VERY REAL LIMITS THEY FACED, TO FIND WORKABLE SOLUTIONS TO THE PROBLEMS ALONG THE WAY.

AFTER ALL THE MIDNIGHT OIL, THE CROSS COUNTRY TRIPS, THE CONFERENCE CALLS AND LENGTHY MEETINGS, AGREEMENT ON THE DESIGN OF THE NEW PROGRAM WAS FINALLY REACHED LAST MONTH. THE GESTATION PERIOD WAS OVER. IN APRIL, WITH CHF HAVING CONFIRMED ITS AGREEMENT WITH THE PROGRAM DESIGN, I INSTRUCTED CMHC TO BEGIN INVITING PROPOSALS FOR PROJECTS TO BE ASSISTED UNDER THIS PROGRAM.

ANOTHER MILESTONE IN THE DEVELOPMENT OF CO-OPERATIVE HOUSING IN CANADA HAS BEEN REACHED THIS WEEK. THE FIRST NINE CO-OPERATIVE PROJECTS, INVOLVING 411 UNITS, HAVE RECEIVED CONDITIONAL UNIT ALLOCATIONS. THEIR SPONSORS, TOGETHER WITH ANOTHER SIX GROUPS, WILL BE RECEIVING THE PROPOSAL DEVELOPMENT FUNDING THEY NEED TO BRING THEIR PROJECTS, INVOLVING A TOTAL OF 688 UNITS, TO THE COMMITMENT STAGE.



OVER THE NEXT FEW DAYS, SOME 70 CO-OPERATIVE GROUPS ACROSS THIS COUNTRY WILL HAVE RECEIVED CONDITIONAL ALLOCATIONS AND PROPOSAL DEVELOPMENT FUNDING FOR ANOTHER 2,000 UNITS, AND OTHER GROUPS WILL GET THE ASSISTANCE THEY NEED TO DEVELOP THEIR PROPOSALS FOR COMMITMENT LATER THIS YEAR.

OUR GOAL FOR 1986 IS TO ADD 5,000 UNITS TO THE SOME 40,000 CO-OPERATIVE HOUSING UNITS ALREADY IN PLACE. THIS WILL INVOLVE CAPITAL FINANCING BEING INSURED BY CMHC OF UP TO \$300 MILLION OR MORE, AND WILL INVOLVE SOME \$4 MILLION IN PDF LOANS AND \$70 MILLION OF INTEREST-FREE LOANS OF SUPPLY ASSISTANCE.

THAT'S A BIG TASK, ESPECIALLY SINCE WE ARE BEGINNING SO LATE IN THE YEAR. BUT, GIVEN WHAT I'VE SEEN SO FAR OF CO-OPPERS IN ACTION, I BELIEVE YOU'RE UP TO IT. YOU CAN BE ASSURED THAT I AND MY OFFICIALS WILL BE DOING EVERYTHING WE CAN TO FACILITATE THIS PROCESS.

THERE IS STILL A LOT TO BE DONE AT MANY LEVELS TO COMPLETE THE PROGRAM DEVELOPMENT WORK. NO ONE CAN AFFORD TO SLACK OFF NOW. FOR MY PART, I WILL STILL BE PUSHING TO GET ALL THE NECESSARY AUTHORITIES IN PLACE. CMHC WILL BE LOOKING FOR CHF'S CONTINUING HELP ON SEVERAL FRONTS, FROM THE DEVELOPMENT OF THE MORTGAGE INSTRUMENT AND FINAL PROGRAM GUIDELINES, TO CONSULTATIONS ON DIRECTIONS FOR FUTURE YEARS.



ONE THING WE MUST KEEP IN MIND IS THAT THIS IS AN EXPERIMENTAL PROGRAM. ITS APPROVAL TO DATE HAS BEEN BASED ON ITS COMPARATIVE COST-EFFECTIVENESS. MANY PEOPLE WILL BE LOOKING VERY CLOSELY AT WHAT WE REALIZE IN THIS AREA.

I AM CONFIDENT THAT WE SHARE CERTAIN GOALS AT THIS TIME. WE ALL WANT TO SEE THAT THE CO-OPERATIVES PRODUCED UNDER THIS PROGRAM ARE COST-EFFECTIVE. WE WANT TO ENSURE THAT THEY START OFF ON THE RIGHT FOOT AND THAT WITH SOUND CO-OPERATIVE MANAGEMENT, THE PROJECTS WILL CONTINUE TO BE PLACES THAT PEOPLE WILL BE PROUD TO CALL HOME. WE HOPE THAT THE RESIDENTS WILL FIND THE SECURITY OF TENURE THEY SEEK, AND THAT THE OBJECTIVE OF THE PROGRAM WILL BE FULFILLED.

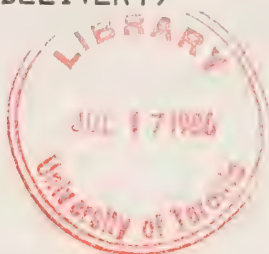
PERSONALLY, I HOPE FOR MORE THAN THAT. I HOPE THAT THE FINANCIAL BASIS ON WHICH THE PROGRAM IS BASED, THE INDEX-LINKED MORTGAGE, WILL PROVE ITSELF, AND FIND ACCEPTANCE IN THE CANADIAN FINANCIAL COMMUNITY. IN THIS WAY, THERE MAY COME A DAY WHEN THE CO-OPERATIVE HOUSING SECTOR MAY TRULY STAND ON ITS OWN TWO FEET, AND BE IN A POSITION TO GROW, TO SEE MORE CO-OPERATIVES DEVELOPED WITHOUT THE NEED FOR GOVERNMENT ASSISTANCE. THEN WE WILL KNOW THAT THE CO-OPERATIVE HOUSING MOVEMENT IS HERE TO STAY, AND TO PROVIDE AN ALTERNATIVE APPROACH TO HOUSING FOR THOUSANDS UPON THOUSANDS OF CANADIANS. I KNOW I AM NOT ALONE IN THAT HOPE. FOR MANY OF YOU, I AM SURE, IT IS A GOAL.

BEFORE I CLOSE, I WANT TO MAKE SOME MORE PERSONAL COMMENTS. I'VE  
GOTTEN TO KNOW MANY MEMBERS OF CHF SINCE TAKING ON MY CURRENT  
RESPONSIBILITIES. I'VE HAD THE PLEASURE OF VISITING THE HOMES OF  
MANY CO-OPERATIVE MEMBERS IN CITIES ACROSS CANADA. ITS BEEN A  
REWARDING EXPERIENCE FOR ME, AND I THANK YOU ALL.



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JUNE 13, 1986  
(IMMEDIATELY BEFORE DELIVERY)



SPEAKING NOTES FOR  
MR. JOE PRICE, M.P.,  
PARLIAMENTARY SECRETARY TO  
THE MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION

TO

NOVA SCOTIA HOUSING AUTHORITY  
DIGBY PINES, NOVA SCOTIA  
JUNE 13, 1986





I HAVE BEEN ASKED BY THE MINISTER RESPONSIBLE FOR C.M.H.C., THE HONOURABLE BILL MCKNIGHT, TO CONVEY TO YOU HIS REGRETS THAT HE COULD NOT PERSONALLY ACCEPT THE KIND INVITATION TO SPEAK TO YOU TODAY. AS YOU KNOW, PREVIOUS COMMITMENTS PREVENTED HIM FROM BEING HERE.

I AM PLEASED TO TAKE HIS PLACE, HOWEVER, BECAUSE I AM WELL AWARE OF THE IMPORTANT ROLE THAT HOUSING AUTHORITIES PLAY IN NOVA SCOTIA. THE EFFICIENT ADMINISTRATION OF THE PROVINCE'S PUBLIC HOUSING IS A MAJOR RESPONSIBILITY. I KNOW THAT THE LOCAL ASSOCIATIONS TAKE THIS RESPONSIBILITY VERY SERIOUSLY, AND I COMMEND THEM ON THEIR DEDICATION TO THEIR JOB.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TODAY TO TELL YOU ABOUT THE FEDERAL GOVERNMENT'S NEW DIRECTIONS IN HOUSING, WHICH THE MINISTER ANNOUNCED TO THE HOUSE LAST DECEMBER.

IN GENERAL TERMS, THE NEW DIRECTIONS IN SOCIAL HOUSING CONSIST OF THESE THREE ELEMENTS:

- SOCIAL HOUSING ASSISTANCE WILL BE TARGETED TO THOSE HOUSEHOLDS MOST IN NEED OF HELP;
- A NEW PACKAGE OF PROGRAMS WILL BE MORE FLEXIBLE, AND THEREFORE ABLE TO RESPOND WELL TO REGIONAL AND LOCAL CONDITIONS WHERE NEED IS MOST URGENT. THIS WILL RESULT IN A MORE COST-EFFECTIVE APPROACH;

- ° THE PROVINCES WILL HAVE AN EXPANDED ROLE IN THE DELIVERY OF PROGRAMS IN ORDER TO REDUCE ADMINISTRATIVE COSTS AND DUPLICATION, AS WELL AS TO INCREASE, ON A NATIONAL BASIS, THE FINANCIAL CONTRIBUTION OF PROVINCES TO SOCIAL HOUSING.

THE MOST FUNDAMENTAL CHANGE IN OUR APPROACH IS THAT FEDERAL SOCIAL HOUSING ASSISTANCE WILL GO TO HOUSEHOLDS IN CORE NEED -- THAT IS, THOSE UNABLE TO OBTAIN ADEQUATE AND SUITABLE ACCOMMODATION IN THE MARKET WITHOUT PAYING MORE THAN 30 PER CENT OF HOUSEHOLD INCOME ON SHELTER. THOSE WHO CAN AFFORD HOUSING AT MARKET PRICES WILL NO LONGER BE ELIGIBLE FOR FEDERAL SOCIAL HOUSING SUBSIDIES.

THIS WILL ALLOW US TO HELP AT LEAST TWICE AS MANY TRULY NEEDY HOUSEHOLDS EACH YEAR AS WERE ASSISTED UNDER THE PREVIOUS STRATEGY.

BY GIVING THE PROVINCES AN EXPANDED ROLE IN PROGRAM DELIVERY, WE HAVE MOVED TOWARDS A NEW AND CO-OPERATIVE RELATIONSHIP WITH THEM.

BUT I WOULD LIKE TO EMPHASIZE THAT WE ARE DEFINITELY NOT TRANSFERRING FEDERAL RESPONSIBILITY FOR SOCIAL HOUSING TO THE PROVINCES. PROVINCIAL PROGRAM DELIVERY CARRIES WITH IT CERTAIN SPECIFIC CONDITIONS.

THESE INCLUDE FINANCIAL CONTRIBUTIONS BY THE PROVINCES, ACCESS BY PRIVATE AS WELL AS PUBLIC NON-PROFIT GROUPS, ACCEPTANCE OF NATIVE TARGETS AND INVOLVEMENT IN DELIVERY, AND THE PROVISION OF REQUIRED INFORMATION.

IN ADDITION, JOINT THREE-YEAR PLANNING OF SOCIAL HOUSING STRATEGIES WILL BE UNDERTAKEN TO ENSURE THAT FEDERAL HOUSING OBJECTIVES AND ACCOUNTABILITY REQUIREMENTS ARE MET.

SOCIAL HOUSING ASSISTANCE FOR URBAN AREAS INCLUDES THREE PROGRAMS: A NEW NON-PROFIT HOUSING PROGRAM; A RENT SUPPLEMENT PROGRAM; AND IMPROVED RENOVATION ASSISTANCE.

THE NON-PROFIT HOUSING PROGRAM WILL ASSIST HOUSEHOLDS HAVING TO PAY MORE THAN 30 PER CENT OF THEIR INCOME FOR ADEQUATE AND SUITABLE HOUSING IN THE PRIVATE MARKET.

ASSISTANCE UNDER THE NEW PROGRAM IS BASED ON THE RENT-TO-INCOME SCALE. ASSISTANCE WILL COVER THE DIFFERENCE BETWEEN PROJECT COSTS AND REVENUES GENERATED BY APPLICATION OF THE RENT-TO-INCOME SCALE.

THE RENT-TO-INCOME SCALE WILL PROVIDE THAT TENANTS WILL NOT PAY MORE THAN 25 PER CENT OF THEIR INCOME ON RENT.

MUNICIPAL NON-PROFIT ORGANIZATIONS AS WELL AS PRIVATE NON-PROFIT GROUPS WILL, AS BEFORE, BE MAJOR PLAYERS IN THE DEVELOPMENT OF SOCIAL HOUSING PROJECTS.

WE WILL USE TWO KEY CRITERIA IN THE SELECTION OF PROJECTS FOR ASSISTANCE. WE WILL WANT TO ENSURE THAT THE PROJECTS ARE WELL-TARGETED, IN THAT THEY WILL PROVIDE HOUSING TO THE MOST NEEDY; AND WE WILL LOOK FOR COST-EFFECTIVENESS, TO MAKE SURE THAT SUBSIDY ASSISTANCE IS PROVIDED IN THE MOST EFFICIENT WAY TO HOUSEHOLDS IN NEED.

THE NEW RENT SUPPLEMENT PROGRAM WILL SUBSIDIZE RENTS IN AREAS WHERE AN ADEQUATE SUPPLY OF HOUSING IS AVAILABLE, BUT LOW-INCOME HOUSEHOLDS CANNOT AFFORD TO PAY THE RENTS. THE PREVIOUS PROGRAM, WHICH PROVED TO BE COST-EFFECTIVE IN AREAS WHERE IT WAS USED, IS BEING SUBSTANTIALLY EXPANDED.

I WOULD LIKE TO MAKE IT CLEAR THAT, BY DIRECTING ALL FEDERAL SOCIAL HOUSING ASSISTANCE TO HOUSEHOLDS MOST IN NEED, WE ARE NOT RETURNING TO THE TYPE OF PUBLIC HOUSING THAT CREATED LOW-INCOME GHETTOES AND GENERATED COMMUNITY RESISTANCE.

INCOME-MIXING REMAINS AN IMPORTANT FEDERAL HOUSING OBJECTIVE AND WILL BE ACHIEVED IN SEVERAL WAYS. IT WILL BE ACHIEVED WITHIN THE



DEFINITION OF HOUSEHOLDS IN NEED, WHICH IS GENERALLY BROAD ENOUGH TO ALLOW FOR A CONSIDERABLE RANGE OF INCOME GROUPS TO BE SERVED.

WE WILL ALSO ACHIEVE INCOME-MIXING AT THE COMMUNITY LEVEL THROUGH SMALL-SCALE, SCATTERED PROJECTS. WE REALIZE HOW IMPORTANT IT IS THAT THOSE RECEIVING HOUSING ASSISTANCE REMAIN AN INTEGRAL PART OF THEIR COMMUNITY, AND WE ARE DIRECTING OUR RESOURCES WITH THAT IN MIND.

FURTHER, UNDER THE NEW FEDERAL-PROVINCIAL ARRANGEMENTS, PROVINCES HAVE THE OPTION OF INCLUDING HOUSEHOLDS BEYOND THE DEFINITION OF THOSE IN NEED, ALTHOUGH IN SUCH CASES FEDERAL SUBSIDIES WILL NOT APPLY.

THROUGH THESE PROGRAMS WE WANT TO ENSURE THAT THE SOCIAL HOUSING STRATEGIES FOLLOWED ARE COST-EFFECTIVE AND RESPONSIVE TO VARYING LOCAL AND REGIONAL CIRCUMSTANCES. THE PROGRAMS WILL BE APPLIED WITH FLEXIBILITY, AND THE PARTICULAR MIX IN VARIOUS REGIONS OF THE COUNTRY WILL BE BASED ON AN ASSESSMENT OF HOUSING NEEDS, THE AVAILABILITY OF ACCOMMODATION IN THE PRIVATE MARKET, AND THE SPECIFIC REQUIREMENTS OF THOSE WITH SPECIAL HOUSING NEEDS.

THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM, COMMONLY KNOWN AS RRAP, IS NOW AN INTEGRAL PART OF THE SOCIAL HOUSING PACKAGE,



AND ASSISTANCE WILL NOW BE DIRECTED TO HOUSEHOLDS IN CORE NEED. I MIGHT MENTION THAT THE PROGRAM HAS BEEN FAIRLY WELL DIRECTED IN THE PAST, WITH ABOUT 75 PER CENT OF THOSE WHO RECEIVED ASSISTANCE BEING WITHIN THE DEFINITION OF CORE NEED. THE GREAT MAJORITY OF POTENTIAL CLIENTS WILL STILL BE ELIGIBLE, WHILE ALL ASSISTANCE WILL MEET THE MOST PRESSING NEEDS.

RRAP ASSISTANCE IS NOW AVAILABLE ON A UNIVERSAL BASIS, AND IS NO LONGER RESTRICTED TO CERTAIN AREAS. AS A RESULT, MANY LOW-INCOME HOUSEHOLDS THAT COULD NOT TAKE ADVANTAGE OF RRAP BENEFITS IN THE PAST WILL NOW BE ELIGIBLE FOR ASSISTANCE.

SIGNIFICANT CHANGES HAVE BEEN MADE IN RENTAL RRAP WHICH SHOULD BE BENEFICIAL TO BOTH LANDLORDS AND TENANTS.

THE PROGRAM IS TARGETED TO LOW-RENT HOUSING SO THE TENANTS WHO WILL BENEFIT FROM IMPROVED ACCOMMODATION WILL BE LARGELY THE CORE NEEDY. THE CRITERIA FOR ELIGIBILITY IS THAT RENTS BE AT OR BELOW MARKET RENTS.

THE LEVEL OF ASSISTANCE WILL DEPEND ON THE RELATIONSHIP BETWEEN THE RENTS IN A GIVEN PROJECT AND THE AVERAGE MARKET RENT IN THE AREA. AS A RESULT, POST-RRAP RENTS WILL BE HELD DOWN BY AGREEMENT WITH THE LANDLORD. IN THIS WAY, WE WILL AVOID THE

LARGE RENT INCREASES AND DISPLACEMENT OF TENANTS IN NEED THAT OFTEN HAPPENED UNDER THE PREVIOUS PROGRAM.

WE HAVE ALSO INTRODUCED A SEPARATE RRAP PROGRAM FOR HOUSEHOLDS WITH A DISABLED OCCUPANT, WHICH PROVIDES SUBSTANTIALLY GREATER ASSISTANCE THAN THE HELP AVAILABLE UNDER THE OLD PROGRAM.

IN RURAL AREAS, THE RURAL AND NATIVE HOUSING PROGRAM WILL CONTINUE TO BE USED TO MEET PROBLEMS OF HOUSING CONDITIONS AND SUPPLY. THESE PROGRAMS INCLUDE A HOMEOWNERSHIP AND RENTAL PROGRAM, THE RURAL COMPONENT OF RRAP, AND THE EMERGENCY REPAIR PROGRAM.

ALTHOUGH THE PACKAGE OF PROGRAMS REMAINS UNCHANGED, THERE WILL BE EXPLICIT NATIVE TARGETS.

FINALLY, I WOULD LIKE TO MENTION THE REVISED CO-OPERATIVE HOUSING PROGRAM. IT IS NOT A SOCIAL HOUSING PROGRAM. ITS MAIN OBJECTIVE, IN FACT, IS TO PROVIDE SECURITY OF TENURE FOR HOUSEHOLDS OF MODERATE INCOME WHO CANNOT AFFORD TO BUY A HOUSE AT MARKET PRICES. THE NEW PROGRAM WILL ACHIEVE THIS OBJECTIVE THROUGH A NEW FINANCIAL VEHICLE -- THE INDEX-LINKED MORTGAGE.

CO-OPERATIVE HOUSING WILL, HOWEVER, HAVE AN IMPORTANT SOCIAL HOUSING COMPONENT. FEDERAL RENT SUPPLEMENT ASSISTANCE FOR THE NEEDY WILL BE APPLIED TO A MINIMUM OF 15 PER CENT OF THE UNITS IN ANY PROJECT. THE AVERAGE NUMBER OF NEEDY HOUSEHOLDS RECEIVING ASSISTANCE WILL BE 30 PER CENT.

THIS HAS BEEN A RATHER BRIEF EXPLANATION OF THE FEDERAL GOVERNMENT'S NEW DIRECTIONS IN SOCIAL HOUSING, BUT I BELIEVE IT WILL BE CLEAR THAT WE ARE ATTEMPTING TO MEET THE REAL NEEDS OF CANADIANS BY USING AN APPROACH THAT WILL SATISFY MORE OF THE MOST URGENT NEEDS THAN PREVIOUS PROGRAMS.

THE NEW APPROACH COVERS MUCH MORE THAN SOCIAL HOUSING, OF COURSE, RANGING FROM MORTGAGE-BACKED SECURITIES FOR MARKET HOUSING TO STUDIES ON REGULATORY REFORM AND A NEW HOUSING RESEARCH COMMITTEE, AMONG MANY OTHER FEATURES.

THE OBJECTIVE OF FEDERAL MARKET HOUSING POLICY WILL BE TO ASSIST IN DEVELOPING A CLIMATE OF STABILITY TO ALLOW BUILDERS TO RESPOND TO THE DEMAND FOR FAMILY HOMES FOR OWNERSHIP. THE INDUSTRY EMPHASIZED TO ME THE DISRUPTIVE EFFECTS IN THE PAST OF SHORT-TERM STIMULATIVE MEASURES AND THE NEED FOR CONSULTATIONS AND CAREFUL PLANNING IF SUCH MEASURES HAVE TO BE INTRODUCED IN THE FUTURE.

THE FEDERAL GOVERNMENT WILL NO LONGER INTRODUCE PROGRAMS TO STIMULATE HOMEOWNERSHIP OR THE PRIVATE RENTAL HOUSING MARKET. IF CIRCUMSTANCES IN THE FUTURE WERE TO FORCE US TO CONSIDER SUCH MEASURES, WE WOULD ONLY ACT AFTER CONSULTATIONS WITH INDUSTRY AND THE PROVINCES.

IN ADDITION, THE FEDERAL MORTGAGE INSURANCE PROGRAM HAS BEEN UNDER SERIOUS STUDY LATELY IN ORDER TO EXAMINE HOW IT COULD BE MADE MORE EFFECTIVE AND EFFICIENT IN SERVING THE NEEDS OF LENDERS AND BORROWERS.

TO THIS END, WE PREPARED A DISCUSSION PAPER ON THE SUBJECT, AND RECENTLY DISTRIBUTED IT TO A NUMBER OF KEY ORGANIZATIONS TO OBTAIN THE VIEWS, THE IDEAS AND THE ADVICE OF AS MANY INTERESTED CANADIANS AS POSSIBLE. THE ORGANIZATIONS INVOLVED IN THE STUDY REPRESENT ALL FACETS OF THE HOUSING AND MORTGAGE INDUSTRIES.

WITH THE HELP OF THE ADVICE AND IDEAS WE RECEIVED, WE INTEND TO REMODEL THE OPERATING APPROACH AND PROGRAM DESIGN TO ENSURE THAT NHA MORTGAGE INSURANCE MEETS ITS PUBLIC POLICY OBJECTIVES IN THE MOST EFFECTIVE AND EQUITABLE WAY POSSIBLE.

THE NEW DIRECTIONS CLEARLY ESTABLISH THE OBJECTIVES AND THE PRIORITIES OF THE FEDERAL GOVERNMENT IN THE FIELD OF HOUSING.



TWO OF THE PRIMARY OBJECTIVES ARE TO PROVIDE ASSISTANCE TO THOSE WHO NEED IT MOST, AND TO ALLOW THE HOUSING INDUSTRY TO DO WHAT THEY DO BEST -- BUILD HOUSES -- IN A CLIMATE OF STABILITY AND CONFIDENCE.

I'M SURE YOU REALIZE THAT WE DID NOT PUT TOGETHER THE NEW PACKAGES OF PROGRAMS WITHOUT REFERENCE TO MANY KNOWLEDGEABLE PEOPLE AND ORGANIZATIONS IN THE FIELD OF HOUSING.

IN FACT, WE WENT THROUGH A YEAR OF CONSULTATIONS WITH KEY ORGANIZATIONS AND INDIVIDUALS BEFORE REDIRECTING OUR APPROACH. THE ADVICE AND SUGGESTIONS WE RECEIVED WERE MOST HELPFUL TO US IN DETERMINING THE PRIORITY HOUSING NEEDS OF CANADIANS, AND IN DEVELOPING PROGRAMS TO MEET THOSE NEEDS IN AN EFFICIENT AND COST-EFFECTIVE WAY.

CONSULTATION IS NOW A CONTINUING PROCESS. WE KNOW THAT WE CANNOT OPERATE IN A VACUUM. WE WANT AND WILL CONTINUE TO SEEK THE ADVICE OF INDIVIDUALS AND ORGANIZATIONS WITH EXPERIENCE AND KNOWLEDGE IN THE FIELD OF HOUSING IN ORDER TO ENSURE THAT WE ARE GIVING CANADIANS THE ASSISTANCE THAT IS NECESSARY TO MEET THEIR REAL NEEDS.



IN THIS WAY WE INTEND TO MAKE SURE THAT CANADIANS REMAIN AMONG  
THE BEST-HOUSED PEOPLE IN THE WORLD.

THANK YOU FOR YOUR ATTENTION.



# Remarks by the Honourable Bill McKnight

# Discours de l'honorable Bill McKnight

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SPEAKING NOTES FOR  
THE HONOURABLE BILL MCKNIGHT  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION

TO

THE NATIVE BUSINESS SUMMIT  
TORONTO, ONTARIO  
JUNE 25, 1986

Canada



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement



I AM DELIGHTED TO TAKE PART IN THIS SUMMIT CONFERENCE. THE WIDE RANGE OF SUBJECTS RECEIVING SERIOUS DISCUSSION HERE AS WELL AS THE CALIBRE OF THE PARTICIPANTS EMPHASIZES THE IMPORTANCE OF THIS CONFERENCE IN THE DEVELOPMENT AND EXPANSION OF NATIVE BUSINESS OPPORTUNITIES.

GATHERINGS LIKE THIS, WITH WIDE-RANGING DISCUSSIONS AND EXAMINATION OF THE PROBLEMS AND THE ISSUES AS WELL AS THE OPPORTUNITIES THAT LIE AHEAD, CAN ONLY HAVE POSITIVE RESULTS. THE SPONSORING GROUP, THE NATIVE BUSINESS SUMMIT FOUNDATION, IS TO BE CONGRATULATED ON ITS FORESIGHT AND INITIATIVE IN PLANNING AND ORGANIZING THE CONFERENCE.

AS MANY OF YOU KNOW, DURING MOST OF 1985 WE WERE INVOLVED IN WIDESPREAD CONSULTATIONS WITH A LARGE NUMBER OF KEY GROUPS AND INDIVIDUALS REGARDING NEW DIRECTIONS IN FEDERAL HOUSING POLICY. DURING THAT PERIOD, I MET WITH MOST OF THE MAJOR NATIONAL NON-STATUS NATIVE ORGANIZATIONS TO DISCUSS NATIVE HOUSING PROGRAMS. THESE GROUPS WERE UNANIMOUS IN URGING US TO KEEP THE PRESENT PROGRAMS IN PLACE WITHOUT ANY MAJOR CHANGES.

LEADERS OF THE NON-STATUS NATIVE ORGANIZATIONS EMPHASIZED THAT THE PROGRAMS HAVE BEEN FORGED OVER A NUMBER OF YEARS THROUGH A POLICY OF CONSULTATION AND HANDS-ON EXPERIENCE. THEY FELT THAT, IN ESSENCE, THE PROGRAMS NOW MET THEIR NEEDS SATISFACTORILY, AND SHOULD NOT BE ALTERED.



AS A RESULT, WE MADE ONLY MINOR, UPDATING CHANGES IN RURAL AND NATIVE HOUSING PROGRAMS.

IN OUR REVIEW OF HOUSING PROGRAMS AS THEY RELATED TO HOUSING FOR NATIVE CANADIANS, WE HAD THREE MAIN OBJECTIVES BEFORE US. WE WANTED TO INCREASE THE OVERALL FINANCIAL CONTRIBUTIONS OF THE PROVINCES TO SOCIAL HOUSING; WE WANTED TO HAVE REALISTIC TARGETS FOR NATIVE HOUSING THAT WOULD BE MET; AND WE WANTED THE MAJOR NATIVE ORGANIZATIONS TO PLAY A DIRECT ROLE IN THE DELIVERY OF PROGRAMS.

IN LINE WITH THE GENERAL POLICY FOR HOUSING ASSISTANCE INTRODUCED JUST BEFORE THE TURN OF THE YEAR, ALL SOCIAL HOUSING PROGRAMS ARE DIRECTED TOWARDS THE MOST NEEDY HOUSEHOLDS -- THOSE THAT SIMPLY CANNOT AFFORD SUITABLE AND ADEQUATE HOUSING.

OUR PROGRAMS ARE A FINANCIAL INVESTMENT IN NATIVE COMMUNITIES; AND PROVIDE A VARIETY OF ASSISTANCE TO NATIVE PEOPLE. I WOULD LIKE TO TAKE A MINUTE OR TWO TO GIVE A VERY BRIEF DESCRIPTION OF THE PERTINENT PROGRAMS.

THE RURAL AND NATIVE HOUSING PROGRAM ASSISTS FAMILIES AND INDIVIDUALS IN OBTAINING AFFORDABLE, ADEQUATE AND SUITABLE HOUSING FOR EITHER OWNERSHIP OR RENTAL.

THE URBAN NATIVE HOUSING PROGRAM, WHICH OPERATES THROUGH NATIVE NON-PROFIT GROUPS, PROVIDES DECENT HOUSING AT AFFORDABLE RENTS TO LOW-INCOME HOUSEHOLDS LIVING IN URBAN AREAS.

THE ON-RESERVE HOUSING PROGRAM WORKS THROUGH INDIAN BAND COUNCILS OR INDIAN NON-PROFIT GROUPS DESIGNATED BY THE BANDS TO PROVIDE AFFORDABLE HOUSING TO LOW AND MODERATE INCOME FAMILIES AND INDIVIDUALS LIVING ON-RESERVES.

IN EACH OF THESE PROGRAMS, HOUSING IS MADE AFFORDABLE BY MEANS OF FEDERAL SUBSIDIES.

THE EMERGENCY REPAIR PROGRAM PROVIDES A NON-REPAYABLE CONTRIBUTION TO NEEDY OWNERS OR OCCUPIERS IN RURAL AREAS TO UNDERTAKE EMERGENCY REPAIRS REQUIRED FOR THE CONTINUED SAFE OCCUPANCY OF THEIR HOUSES. THIS PROGRAM IS DIRECTED TO BOTH NATIVE AND NON-NATIVE HOUSEHOLDS, AND THE FINANCIAL ASSISTANCE AVAILABLE IS HIGHER IN NORTHERN AREAS BECAUSE OF HIGHER COSTS.

THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM, BETTER KNOWN SIMPLY AS RRAP, IS AN IMPORTANT PROGRAM TO NATIVE PEOPLE LIVING IN RURAL AREAS OR ON-RESERVES. THE PURPOSE OF THE PROGRAM IS TO ASSIST DISADVANTAGED PEOPLE TO REPAIR AGING HOUSING STOCK AND ENCOURAGE ITS MAINTENANCE.

RRAP ASSISTANCE IS NOW AVAILABLE ON A UNIVERSAL BASIS, AND IS NO LONGER RESTRICTED TO CERTAIN AREAS. ASSISTANCE IS IN THE FORM OF A LOAN, ALL OR PART OF WHICH MAY BE FORGIVEN, DEPENDING ON CIRCUMSTANCES.

THE MAXIMUM LOANS AVAILABLE FOR OWNER-OCCUPIED HOUSING ARE \$10,000 IN URBAN AREAS AND \$25,000 IN RURAL AREAS AND ON-RESERVES. FOR RENTAL ACCOMMODATION, THE MAXIMUM LOAN IS \$17,000 PER UNIT.

FOR THE FIRST TIME, THE AMOUNT OF FORGIVENESS AVAILABLE VARIES ACCORDING TO THE AREA IN WHICH THE HOUSING IS LOCATED.

MAXIMUM LOAN FORGIVENESS FOR HOMEOWNERS IS NOW \$5,000 PER HOUSING UNIT IN THE SOUTHERN PART OF A PROVINCE AND THIS AMOUNT INCREASES IN NORTHERN AREAS OF MOST PROVINCES TO COVER INCREASED COSTS.

RENTAL RRAP HAS UNDERGONE SIGNIFICANT CHANGES. FIRST, THE PROGRAM IS TARGETED TO LOW-RENT HOUSING SO THE TENANTS WHO WILL BENEFIT FROM THE IMPROVED ACCOMMODATION WILL BE THE CORE NEEDY. THE CRITERIA FOR ELIGIBILITY IS THAT RENTS BE AT OR BELOW AVERAGE MARKET RENTS FOR THE AREA.

THE LEVEL OF ASSISTANCE WILL DEPEND UPON THE RELATIONSHIP BETWEEN THE RENTS IN A GIVEN PROJECT AND THE AVERAGE MARKET RENT IN THE AREA. AS A RESULT, RENTS AFTER RRAP ASSISTANCE WILL BE HELD DOWN BY AGREEMENT WITH THE LANDLORD. IN THIS WAY, WE WILL AVOID THE LARGE RENT INCREASES AND DISPLACEMENT OF TENANTS IN NEED THAT OFTEN HAPPENED UNDER THE OLD PROGRAM.

WE HAVE ALSO INTRODUCED A SEPARATE RRAP PROGRAM FOR THE DISABLED, WITH INCREASED ASSISTANCE THAT CAN AMOUNT TO \$5,000 FOR HOUSEHOLDS BOTH ON AND OFF RESERVES.

THIS IS A THUMBNAIL SKETCH OF THE HOUSING ASSISTANCE AVAILABLE TO NATIVE CANADIANS THROUGH FEDERAL PROGRAMS ADMINISTERED BY CMHC.

THERE ARE OTHER, EQUALLY IMPORTANT FORMS OF ASSISTANCE AS WELL. WHERE A MORTGAGE LOAN IS INVOLVED, FOR EXAMPLE, CMHC PROVIDES MORTGAGE INSURANCE.

MORTGAGE INSURANCE OPENS THE DOOR TO HOMEOWNERSHIP FOR MANY HOUSEHOLDS THAT COULD NOT OTHERWISE INTEREST A LENDING INSTITUTION IN PROVIDING THE NECESSARY FINANCING.

STILL, THERE ARE SITUATIONS, PARTICULARLY IN REMOTE AREAS, WHERE NATIVE PEOPLE CANNOT OBTAIN FINANCING FROM MORTGAGE LENDERS TO BUY OR BUILD A HOME.



IN SUCH CASES, CMHC CAN ASSIST THROUGH DIRECT LENDING. THE NECESSARY FINANCING IS PROVIDED AT MARKET RATES AND CMHC THEN BECOMES, IN EFFECT, THE DEVELOPER OF THE PROJECT, WHETHER IT IS A SINGLE UNIT OR MULTIPLE UNITS.

THIS DIRECT LENDING CAPABILITY -- SORT OF A LENDER OF LAST RESORT -- HAS BEEN AND WILL CONTINUE TO BE AN IMPORTANT SOURCE OF FINANCING FOR NATIVE CANADIANS WHO REQUIRE DECENT ACCOMMODATION IN RURAL AND REMOTE AREAS.

I WOULD LIKE TO CONCLUDE THESE BRIEF REMARKS BY MENTIONING THE SIGNIFICANCE TO NATIVE PEOPLE OF ANOTHER ASPECT OF THE NEW DIRECTIONS IN HOUSING.

OUR NEW POLICY IS TO SHARE DELIVERY OF SOCIAL HOUSING PROGRAMS WITH THE PROVINCES AND THE TERRITORIES. WE HAVE ALREADY SIGNED GLOBAL AGREEMENTS WITH MOST PROVINCES, AND THE TERRITORIES, AND EXPECT TO HAVE THE FEW OUTSTANDING AGREEMENTS SIGNED WITHIN THE NEXT FEW WEEKS.

THIS PROCEDURE WILL ELIMINATE MUCH OF THE WASTE AND DUPLICATION THAT IS INEVITABLE WHEN DELIVERY OF SOCIAL HOUSING PROGRAMS IS PARTLY A FEDERAL AND PARTLY A PROVINCIAL RESPONSIBILITY.



WE ARE NOT, HOWEVER, ABROGATING OUR RESPONSIBILITY OR ACCOUNTABILITY FOR SOCIAL HOUSING, NOT BY ANY MEANS.

THERE ARE CERTAIN CONDITIONS ATTACHED TO THE AGREEMENTS TO ENSURE THAT THE PROVINCES AND TERRITORIES WILL MAINTAIN FEDERAL OBJECTIVES AND PRIORITIES.

AMONG THESE CONDITIONS ARE THAT FEDERAL GOALS FOR NATIVE HOUSING BE MET, AND THAT NATIVE GROUPS WILL CONTINUE TO BE INVOLVED.

TO ACCOMPLISH THIS, WE HAVE ESTABLISHED A TRIPARTITE MANAGEMENT COMMITTEE IN EACH PROVINCE. THIS COMMITTEE CONSISTS OF REPRESENTATIVES OF CMHC, THE PROVINCE, AND THE PROVINCIAL NATIVE ASSOCIATION.

THE RESPONSIBILITIES OF EACH TRIPARTITE COMMITTEE INCLUDES ENSURING THAT NATIVE HOUSING GOALS ARE MET, PROPOSING ANNUAL AND THREE-YEAR HOUSING PLANS FOR NATIVE PEOPLE, AND SETTING PRIORITIES FOR RNH HOMEOWNERSHIP AND RENTAL ACTIVITIES.

IN EFFECT, THE TRIPARTITE COMMITTEES WILL OVERSEE ALL NATIVE HOUSING ASSISTANCE ACTIVITIES, INCLUDING DELIVERY, IN EACH PROVINCE. THIS WILL ENSURE THAT NATIVE PEOPLE CONTINUE TO HAVE A STRONG VOICE IN THEIR OWN HOUSING REQUIREMENTS.

BEFORE BRINGING THESE BRIEF REMARKS TO A CLOSE, I WOULD LIKE TO SAY A FEW WORDS ABOUT THE RNH HOUSING DEMONSTRATION PROGRAM, WHICH WAS INTRODUCED THIS YEAR.

THE OBJECTIVE OF THIS DEMONSTRATION PROGRAM IS TO ASSESS THE FEASIBILITY OF OFFERING A HOUSING ASSISTANCE PROGRAM IN RURAL AND REMOTE AREAS WHEREBY THE OCCUPANT IS FUNDED FOR THE COST OF LAND AND MATERIALS, AND, UNDER EXPERT SUPERVISION, BUILDS HIS OWN HOME.

THIS NEW RNH PROGRAM WILL INVOLVE A TOTAL OF 500 UNITS OVER A FIVE-YEAR PERIOD AND WILL BE APPLIED IN ALL RURAL AREAS OF THE COUNTRY.

THE BUILDING MATERIALS CONSIST OF "HOUSING KITS", WHICH ARE VARIOUS TYPES OF MANUFACTURED HOUSING. THE UNITS ARE EXPECTED TO COST, ON AVERAGE, LESS THAN \$40,000.

WE WILL BE WATCHING CLOSELY TO SEE HOW THIS INNOVATIVE SELF-HELP APPROACH TO AFFORDABLE HOUSING TURNS OUT. IF IT WORKS WELL, WE WILL BE LOOKING AT POSSIBILITIES FOR EXPANDING IT.

THANK YOU FOR YOUR ATTENTION, AND ONCE AGAIN I WOULD LIKE TO CONGRATULATE THE ORGANIZERS OF THIS CONFERENCE FOR AN IMPORTANT UNDERTAKING, AND I HOPE AND EXPECT TO SEE MORE OF THIS TYPE OF POSITIVE ACTIVITY IN THE MONTHS TO COME.

# Remarks by the Honourable Stewart McInnes

# Discours de l'honorable Stewart McInnes

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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NOVA SCOTIA  
REAL ESTATE ASSOCIATION  
TRURO, NOVA SCOTIA

SEPTEMBER 27, 1986

CMHC  SCHL



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement

NHA 5930



"NICE TO BE IN TRURO AGAIN.

- THE OLD SAW ABOUT THE "EXPERT" BEING ANYONE 10 MILES AWAY FROM HOME CERTAINLY COMES TO MIND...

- I AM FURTHER THAN THAT FROM BOTH HALIFAX AND OTTAWA, MY TWO HOME BASES NOW, SO PERHAPS THAT MAKES ME AN "EXPERT", AS I TALK TO YOU WHOSE BUSINESS IS HOUSING!

THE OTHER DEFINITION OF EXPERT YOU HEAR OFTEN WHEN CONSULTANTS ABOUND - AS THEY DO IN YOUR BUSINESS - IS "EX" FOR "HAS-BEEN", AND "SPURT" FOR SOMEONE WHO RUNS OFF AT THE MOUTH!

WELL, HAVING BEEN ONLY APPOINTED TO THIS POST AT MID-YEAR, I HOPE I AM NOT YET A HAS-BEEN!... AS MUST ANY POLITICIAN, HOWEVER, I GUESS I CONCEDE A TENDENCY TO RUN OFF AT THE MOUTH!

YET I DO NOT FEEL EXPERT, WHEN I RECOGNIZE THAT YOU ARE REAL EXPERTS, AS A KEY PART OF THE PRIVATE-SECTOR TEAM IN CANADA'S HOUSING INDUSTRY. AND, INDEED, WITH A FOCUS ON MARKETING AND SALES - WHICH I RESPOND TO BECAUSE MY GOVERNMENT FAVORS MARKET SOLUTIONS TO SOCIETY'S NEEDS.

NONETHELESS, I DO HAVE THE BACKING OF THE ESTABLISHED EXPERTISE IN CANADA MORTGAGE AND HOUSING CORPORATION - AND THEY HAVE BEEN AT THEIR TASK FOR 40 YEARS! SO WHATEVER EXPERTISE I CAN BRING BEFORE YOU IS THAT OF CMHC, FOR WHOM I NOW ANSWER IN PARLIAMENT, AND TO THE PEOPLE OF CANADA, AND YOU, FOR MY GOVERNMENT.



IN FACT I AM VERY PLEASED TO HAVE THIS OPPORTUNITY, MY FIRST SINCE ASSUMING MINISTERIAL RESPONSIBILITY FOR CMHC, TO ADDRESS AN ORGANIZATION OF HOUSING PROFESSIONALS IN MY HOME PROVINCE.

I REPRESENT A GOVERNMENT CREATED OUT OF THE LARGEST PARLIAMENTARY MAJORITY EVER SECURED IN CANADIAN HISTORY - A CLEAR SIGN THAT GOVERNMENT AT THAT POINT, TWO YEARS AGO, HAD MOVED STRONGLY AWAY FROM THE HOPES AND DESIRES OF MOST ORDINARY CANADIANS.

WE MADE IT OUR TASK, ELECTORALLY, TO PROMISE TO RETHRN FEDERAL GOVERNMENT TO DIRECTIONS IN WHICH YOU AND YOUR FELLOW CANADIANS CLEARLY PREFERRED IT SHOULD GO. AT ABOUT MID-POINT IN A NORMAL FEDERAL-GOVERNMENT MANDATE, I AM CONFIDENT - WHATEVER YOU MAY READ IN THE WORDS OF HOSTILE PRESS PUNDITS, OR SENATOR-AUTHORS ASPIRING TO BECOME PRESS PUNDITS - THAT MY GOVERNMENT IS DELIVERING ON THAT PROMISE TO GET CANADA BACK WHERE CANADIANS WANT IT.

WE ACCEPTED THAT HUGE MAJORITY, AS A MANDATE TO MEET FOUR PRINCIPAL CHALLENGES OF: PROMOTING - NATIONAL RECONCILIATION; - ECONOMIC RECOVERY; - SOCIAL JUSTICE; AND WHAT WE CALL "CONSTRUCTIVE INTERNATIONALISM" IN OUR FOREIGN RELATIONS.

CLEARLY, THE BUSINESS OF HOUSING - YOUR BUSINESS - IS POWERFULLY CONNECTED TO TWO OF THOSE GREAT CHALLENGES TO GOVERNMENT, NAMELY

- ECONOMIC RECOVERY, AND
- SOCIAL JUSTICE,

YOU ARE A HUGE INDUSTRY ECONOMICALLY, PRODUCING TENS OF BILLIONS OF DOLLARS WORTH OF ECONOMIC ACTIVITY NATIONALLY EACH YEAR AND REPRESENTING HOUSING ASSETS OF ABOUT HALF-A-TRILLION DOLLARS AMONGST CANADA'S EIGHT-AND-A-HALF MILLION HOUSEHOLDS.

ON THE SOCIAL SIDE, HOUSING REPRESENTS - ESPECIALLY IN A COUNTRY OF NORTHERN CLIMATE - THE MOST BASIC HUMAN NEED. WITHOUT SHELTER, WE DIE. BECAUSE SOCIAL JUSTICE DEMANDS HOUSING IN CANADA FOR EVERYONE, SIMPLY TO LIVE, GOVERNMENTS HAVE LONG ACCEPTED A ROLE IN PROVIDING HOUSING TO CANADIANS WHO ARE ECONOMICALLY UNDERPRIVILEGED. WHICH LED TO THE CREATION OF VARIOUS FEDERAL HOUSING STATUTES, NOW ESSENTIALLY CONSOLIDATED THROUGH THE NATIONAL HOUSING ACT, AND TO THE CREATION OF MY NEW RESPONSIBILITY AS MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION, WHICH HAS BEEN A PARTICIPANT IN YOUR INDUSTRY SINCE 1946. CMHC'S MANDATE, CONFERRED BY THE HOUSING ACT, IS BOLD AND SIMPLE - TO PROMOTE

- CONSTRUCTION OF NEW HOUSING,
- REPAIR AND MODERNIZATION OF PRESENT HOUSING, AND
- IMPROVEMENTS OF HOUSING AND LIVING CONDITIONS.

TO FULFILL THIS MANDATE, CMHC GREW TO A SIZABLE BUSINESS, WITH SOME 4,000 EMPLOYEES AND OVER 50 OFFICES.

SINCE THE PRESENT GOVERNMENT TOOK OFFICE, CMHC HAS CONTRIBUTED TO LESSENING THE BURDENSOME "BIGNESS" OF GOVERNMENT BY FOCUSSING ON A MORE COST-EFFECTIVE OPERATION. THE EFFICIENCY OF THE CORPORATION HAS IMPROVED MARKEDLY. STAFF RESOURCES HAVE BEEN REVIEWED TO ELIMINATE DUPLICATION REDUCING THE TOTAL NUMBER OF EMPLOYEES TO 3,000. ESSENTIAL SERVICE IS BEING MAINTAINED, WHILE NOT IMPAIRING SERVICE TO CLIENTS.

WE HAVE COMPLETED A RESTRUCTURING OF CANADA'S SOCIAL HOUSING PROGRAMS, AFTER AN UNPRECEDENTED CONSULTATIVE PROCESS. THE RESULTS HAVE BROUGHT THE FEDERAL AND PROVINCIAL GOVERNMENTS INTO CLOSER PARTNERSHIP, TO AVOID OVERLAPPING AND REDUNDANT EFFORTS. SOMETIMES IN PAST, THE DIFFERENT LEVELS OF GOVERNMENT EVEN APPEARED TO BE ACTING AT CROSS PURPOSES. THIS NEW APPROACH CUSTOM - FITS OUR PROGRAM DELIVERY TO THE DIFFERING NEEDS OF EACH REGION OF THE COUNTRY, AND WILL SEE THE PROVINCES INCREASE THEIR CONTRIBUTIONS MARKEDLY, TO MEETING HOUSING NEEDS.

BY FAR THE MOST SIGNIFICANT OUTCOME OF THIS NEW APPROACH, HOWEVER, IS THE IMPROVEMENT IN OUR ABILITY TO SERVE THOSE IN NEED.

IT IS EXPECTED THAT TWICE AS MANY HOUSEHOLDS WILL NOW BE PROVIDED NEEDED HOUSING, FOR THE SAME EXPENDITURE, AS UNDER THE EARLIER PROGRAMS. THAT IS PARTICULARLY IMPORTANT IN VIEW OF OUR GOVERNMENT'S COMMITMENT TO FISCAL RESPONSIBILITY WHILE STILL PROTECTING OUR DISADVANTAGED POPULATION.

I AM PROUD OF WHAT OUR GOVERNMENT HAS ACCOMPLISHED TO DATE, BUT IN HOUSING, I AM EVEN MORE EXCITED BY THE CHALLENGES AHEAD OF US. WE WILL BE IMPROVING ACCESS TO HOMEOWNERSHIP, CONTINUING RESEARCH AND POLICY DEVELOPMENT TO MEET MORE EFFICIENTLY THE CHANGING NEEDS IN HOUSING, AND SUPPORTING AND ENCOURAGING THE EFFORTS OF THOSE IN THE MARKET PLACE. IN OTHER WORDS, YOU IN THE PRIVATE SECTOR WILL BE PLAYING A GREATER ROLE THAN EVER BEFORE SINCE CMHC BEGAN.

FOR IMPROVING ACCESS TO HOMEOWNERSHIP, CMHC WILL INTRODUCE MORTGAGE-BACKED SECURITIES, WHICH ARE EXPECTED TO RESULT IN LONGER-TERM MORTGAGES, THROUGH THEIR GUARANTEE OF TIMELY PAYMENTS AND POOLING OF FUNDS FROM SMALL INVESTORS. MANY OF US LOOK BACK FONDLY TO THE DAYS OF A STABLE MORTGAGE MARKET LIKE THAT WHICH ALLOWED SO MANY RETURNING VETERANS AND FAMILIES TO OBTAIN A HOME OF THEIR OWN, AFTER WORLD WAR TWO. SUCH LONGER TERMS CONTRIBUTED - AND WILL CONTRIBUTE AGAIN - TO ENHANCED SECURITY FOR THE FAMILY. TODAY'S YOUNG FAMILIES WILL BENEFIT FROM THE SAME OPPORTUNITY.



ALSO, THE GOVERNMENT WILL BE CONTINUING TO ENSURE THAT HIGH-RATIO MORTGAGE FINANCING WILL BE AVAILABLE THROUGHOUT THE COUNTRY, THROUGH THE AVAILABILITY OF MORTGAGE INSURANCE. THE CANADIAN REAL ESTATE ASSOCIATION HAS ALREADY PROVIDED WORTHWHILE INPUT TO OUR CONSULTATIONS AND REVIEW OF MORTGAGE INSURANCE. YOU CAN BE PROUD OF THE ROLE YOUR NATIONAL ORGANIZATION IS PLAYING IN THIS ONGOING PROCESS.

LOOKING FURTHER AHEAD, AN EXPERIMENT BEING SUPPORTED BY THE FEDERAL GOVERNMENT THROUGH THE CO-OPERATIVE HOUSING PROGRAM MAY EVENTUALLY HAVE A REVOLUTIONARY IMPACT ON HOUSING AFFORDABILITY AND ACCESSIBILITY, OPENING UP HOMEOWNERSHIP TO MANY THOUSANDS OF CANADIANS FAMILIES FOR WHOM IT IS NOW OUT OF REACH. WHAT I'M REFERRING TO IS THE INTRODUCTION TO CANADA OF THE INDEX-LINKED MORTGAGE, WHICH OFFERS SIGNIFICANTLY LOWER INITIAL PAYMENTS THAN CONVENTIONAL FINANCING, WHILE PROVIDING LENDERS A GUARANTEED RATE OF RETURN.

YOU WILL APPRECIATE THE IMPACT OF INTEREST RATES ON THE HOME-BUYING MARKET. WITH EVERY DROP OF 4 PER CENT IN INTEREST RATES, THE NUMBER OF RENTER HOUSEHOLDS WHICH CAN AFFORD TO PURCHASE, DOUBLES. THERE HAS ALREADY BEEN A SIGNIFICANT IMPROVEMENT IN HOMEOWNERSHIP ACCESSIBILITY, SINCE INTEREST RATES HIT THEIR PEAK IN 1981, AND ONLY 7 PER CENT OF RENTERS COULD THEN AFFORD TO BUY.



THE PRESENT SITUATION REPRESENTS A MAJOR IMPROVEMENT SINCE THAT FINANCIALLY DEPRESSING YEAR.

UNTIL ITS FEASIBILITY HAS BEEN FULLY DEMONSTRATED, THE INDEX-LINKED MORTGAGE WILL ONLY BE AVAILABLE TO CO-OPERATIVES. UNDER THE NEW FEDERAL PROGRAM, THIS IS NECESSARY, GIVEN THE IMPLICATIONS OF THE GOVERNMENT'S GUARANTEE OF THESE MORTGAGES THROUGH THE MORTGAGE INSURANCE FUND.

HOWEVER, IF THE APPROACH PROVES ITSELF TO LENDERS AND BORROWERS BOTH, IT WILL BE MADE MORE WIDELY AVAILABLE. THIS WILL HAVE A TREMENDOUS IMPACT ON THE MARKET PLACE. INITIAL PAYMENTS WOULD BE SOME 60-70 PER CENT OF THOSE ON CONVENTIONAL FINANCING.

AN AREA IN WHICH YOUR FEDERAL GOVERNMENT WILL CONTINUE TO PLAY A KEY ROLE IS RESEARCH, PARTICULARLY INTO BUILDING CODES AND DEVELOPMENT GUIDELINES. OUR EMPHASIS WILL BE ON MAINTAINING HIGH STANDARDS, FOR WHICH CANADIAN HOUSING IS NOTED, WHILE STRIVING TO ELIMINATE AS FAR AS POSSIBLE, THE FRUSTRATIONS AND INEFFICIENCIES WHICH UNFOUNDED OR MISAPPLIED RULES OFTEN CAUSE.

MANY OF YOU PROBABLY HAVE HORROR STORIES OF YOUR OWN ABOUT BUREAUCRACY GONE WILD, LIKE THE CASE OF THE INSPECTOR WHO INSISTED A BOW WINDOW HAD TO BE INSTALLED INWARD, IN ORDER TO FULFILL A SETBACK REQUIREMENT, OR THE ONE WHO RULED A

THREE-STOREY BUILDING COULDN'T BE FRAME CONSTRUCTION BECAUSE HE'D FOUND A POINT ON ONE ELEVATION WHERE THE TOTAL HEIGHT-TO-GRADE EXCEEDED HIS RULE-BOOK FIGURE. ALL TOO OFTEN, THE INTENTS OF GOOD STANDARDS GET LOST IN THEIR APPLICATION!

WELL, CONSCIOUS OF THIS, WE ARE MAKING SIMPLIFICATION OF PROCEDURES A TARGET IN ALL WE DO. SIMILARLY, THERE ARE INNUMERABLE EXAMPLES OF DEVELOPMENT PLANS WHICH, WITH THE PROLIFERATION OF - AND CONFLICTS BETWEEN - VARIOUS APPROVAL AUTHORITIES WHICH HAVE DELAYED APPROVALS SOMETIMES FOR PERIODS OF YEARS, ADDING UNNECESSARILY TO THE COSTS WHICH ARE EVENTUALLY PASSED-ON TO THE CONSUMER. A PROVINCIALY-SPONSORED STUDY SOME YEARS AGO DEMONSTRATED A SAVINGS POTENTIAL (ON THE BASIS OF ALTERNATIVE RESPECTED DEVELOPMENT STANDARDS) OF 25 PER CENT ON LOT PRICES ONLY, WHICH THE AUTHORS TRANSLATED INTO A \$70 PER MONTH REDUCTION IN MORTGAGE PAYMENTS. THIS SAYS NOTHING ABOUT POTENTIAL SAVINGS OF COSTS IN MUNICIPAL SERVICING WHICH ARE BORNE BY THE LOCAL TAXPAYERS.

I HEARD OF ONE ENTREPRISING INDIVIDUAL WHO PLANNED TO REDEVELOP A SIX-UNIT BUILDING HE'D ACQUIRED. ONCE HE FOUND OUT HOW LONG IT WOULD TAKE TO GET APPROVAL FOR AN EIGHT-UNIT CONVERSION DICTATED BY THE ECONOMICS, HE KNEW HE WAS IN TROUBLE. HE COULDN'T WAIT, AND HE'D NEED MORE FINANCING ANYWAY. HIS SOLUTION? THREE SETS OF PLANS - A SIX UNIT BUILDING, FOR BUILDING PERMIT APPROVAL, A

10-UNIT BUILDING FOR THE LENDER HE WOULD APPROACH FOR THE EXTRA FINANCING, AND THE EIGHT-UNIT BUILDING HE WOULD REALIZE BY OPENING UP A COUPLE OF HIDDEN DOORWAYS ONCE THE APPROVAL CAME THROUGH. I UNDERSTAND HE MANDE IT THROUGH WITHOUT ONCE GOING TO JAIL OR GOING BANKRUPT.

IN THE HOUSING DEVELOPMENT FIELD, THIS STORY SHOWS CLEARLY HOW GOVERNMENT ITSELF DRIVES ENTERPRISERS INTO AN "UNDERGROUND" TYPE OF ECONOMY!

I'M NOT RECOMMENDING THIS DEVELOPER'S APPROACH, NOR AM I SUGGESTING THAT STANDARDS AND APPROVAL PROCESSES ARE UNNECESSARY. WHAT I AM SAYING IS THAT I AM COMMITTED TO OUR PLAYING A CENTRAL ROLE IN SIMPLIFYING THE PLANNING AND DEVELOPMENT PROCESS, AND ENSURING THAT THE NECESSARY STANDARDS ARE CLEAR IN THEIR INTENT. CMHC'S MISSION WILL BE TO MINIMIZE THE FRUSTRATION AND INEFFICIENCIES WHICH TOO EASILY CREEP IN.

WE WILL ALSO BE PLAYING A ROLE IN LONG-RANGE PLANNING AND POLICY DEVELOPMENT. DEMOGRAPHERS TELL US TO EXPECT SOME DRAMATIC CHANGES IN OUR HOUSING NEEDS. THE AVERAGE HOUSEHOLD SIZE IS FALLING, IN 1971, IT WAS 3.6 PERSONS, AGAINST 3.0 PERSONS IN 1981. BY 1991, IT'S EXPECTED TO AVERAGE 2.7. THIS WILL RESULT IN NEED FOR THOUSANDS OF ADDITIONAL HOUSING UNITS.

FUTURE NEEDS ARE NOT ONLY EXPRESSED IN NUMBERS. THERE WILL BE CHANGES IN THE TYPE OF HOUSING REQUIRED AS WELL. PERHAPS THE MOST DRAMATIC DEMOGRAPHIC SHIFT IS IN THE AGING OF CANADA'S POPULATION. STATISTICS CANADA REPORTS THAT 9.7 PER CENT OF CANADIANS ARE OVER 65 YEARS OF AGE. OUR SENIOR POPULATION IS EXPECTED TO ACCOUNT FOR 13 PER CENT OF THE TOTAL BY THE TURN OF THE CENTURY, AND 21 PER CENT BY THE YEAR 2031. THIS LARGER - AND MORE ACTIVE - GROUP WILL CLEARLY HAVE DIFFERENT NEEDS AND DEMANDS IN HOUSING.

I BELIEVE WE HAVE TO MOVE ON ALTERNATIVES NOW, LIKE THE "GRANNY FLAT" CONCEPT, AND HOUSING DESIGNS WHICH FACILITATE CHANGES IN UNIT-LAYOUT WITH CHANGING RESIDENT NEEDS. WE ALSO HAVE TO BE SEEKING OUT NEW IDEAS AND EXPLORING THEIR POTENTIAL AS ANSWERS TO EMERGING PROBLEMS.

ON A BROADER LEVEL, THE HEALTH OF OUR HOUSING INDUSTRY AND OUR ABILITY TO MEET NEEDS WHICH EXIST WILL BE AFFECTED BY THE STRENGTH OF THE CANADIAN ECONOMY. THIS GOVERNMENT BELIEVES THAT THE ECONOMY CAN BEST BE STRENGTHENED THROUGH PRINCIPLES WE HAVE BEEN ALREADY PUTTING TO WORK, INCLUDING THOSE IN THE AREA OF GOVERNMENT FISCAL RESPONSIBILITY. WE HAVE ALREADY BEGUN TO SEE RESULTS FROM OUR APPROACH, IN LOWER INTEREST RATES AND HIGHER LEVELS IN HOUSING STARTS, PROJECTED TO REACH 178,000 UNITS THIS YEAR, UP 12 THOUSAND UNITS OVER LAST YEAR.



BRINGING ALL THIS CLOSER TO HOME, I'D LIKE TO SUMMARIZE WHAT ALL THIS MEANS IN NOVA SCOTIA.

OVER 700 NEW UNITS WILL PROCEED UNDER THIS YEAR'S ALLOCATIONS UNDER FEDERAL AND FEDERAL-PROVINCIAL HOUSING PROGRAMS.

AS WELL, WE WILL BE MAKING MORE THAN 10 MILLION DOLLARS AVAILABLE FOR RESIDENTIAL REHABILITATION THROUGHOUT THE PROVINCE.

NOVA SCOTIA IS ALSO SHARING IN THE GENERAL IMPROVEMENT IN HOUSING STARTS.

IN MY ROLE AS MINISTER RESPONSIBLE FOR CMHC, I WILL BE ENSURING EVERY REGION, INCLUDING NOVA SCOTIA, RECEIVES ITS FAIR AND CORRECT SHARE OF FEDERAL RESOURCES, AS WE STRIVE TO SERVE THE HOUSING NEEDS OF ALL CANADIANS.

I HOPE THAT MY COMMENTS CAN HELP INSPIRE YOU WITH THE SENSE OF OPTIMISM I FEEL.



THERE ARE MANY CHALLENGES AHEAD OF US. I HOPE WE WILL CONTINUE TO RECEIVE CONSTRUCTIVE INPUTS FROM PROFESSIONALS IN THE AREA OF HOUSING SUCH AS YOURSELVES, AND I LOOK FORWARD TO HEARING FROM YOU PERSONALLY ON YOUR INSIGHTS AND THOUGHTS ON HOW THE FEDERAL GOVERNMENT CAN FURTHER IMPROVE ITS EFFORTS TO MEET THE NEEDS OF CANADIANS.

# Remarks by the Honourable Stewart McInnes

# Discours de l'honorable Stewart McInnes

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SPEAKING NOTES FOR THE MINISTER  
ANNUAL CONFERENCE OF THE  
CANADIAN REAL ESTATE ASSOCIATION  
HALIFAX, NOVA SCOTIA

OCTOBER 27, 1986



CMHC  SCHL



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement

NHA 5930



LADIES AND GENTLEMEN; OR, MORE APPROPRIATELY,

FELLOW SALESPERSONS;

BECAUSE WE'RE ALL IN THE BUSINESS OF SALES. YOU SELL PROPERTY; I SELL GOOD GOVERNMENT. WITH ONE SIGNIFICANT DIFFERENCE YOU'RE CONSIDERED INNOCENT UNTIL PROVEN GUILTY.

I WAS GOING DOOR TO DOOR IN MY RIDING A COUPLE OF WEEKS AGO AND CAME ACROSS A CUTE LITTLE SIGN. IT READ: "WE SHOOT EVERY THIRD SALES PERSON - AND THE SECOND ONE JUST LEFT".

AS I SEE IT, THERE ARE BASICALLY TWO TYPES OF PEOPLE WHO'LL TELL YOU THERE ARE BETTER PLACES TO BE THAN WHERE YOU ARE - REAL ESTATE AGENTS AND PREACHERS.

AND THE PERSON WHO'S GOING TO BE SUCCESSFUL IN YOUR LINE OF WORK, AS IN MINE, IS THE ONE WHO CAN CONVINCE HIS WIFE SHE'S TOO YOUNG FOR A MINK COAT -- OR HER HUSBAND THAT HE'S TOO OLD FOR A SPORT'S CAR.

ONE PAIR WHO WOULD DO WONDERS IN REAL ESTATE AND POLITICS WAS THE FELLOW WHO GOT RICH SELLING BURIAL SUITS WITH TWO PAIR OF PANTS. AND THE WOMAN WHO SOLD TWO MILKING MACHINES TO A FARMER WITH ONE COW -- AND TOOK THE COW AS A DOWNPAYMENT.

SUCCESS IN YOUR BUSINESS, LIKE MINE, DEPENDS ON ONE BASIC PRINCIPLE; YOU'VE GOT TO ELECTRIFY YOUR PROSPECTS, NOT GAS THEM.

I LIKE YOUR THEME FOR THIS CONFERENCE. "FULL SALE SET". IT SHOWS A GREAT DEAL OF IMAGINATION. IT'S CHEERFUL, OPTIMISTIC, FORWARD-LOOKING, AND CONFIDENT. IT'S ALSO APPROPRIATELY NAUTICAL.

AND SO WAS THE THEME OF THE RECENT THRONE SPEECH: "STILL ON COURSE". IT TOLD THE PEOPLE OF CANADA THAT WE, AS A GOVERNMENT, KNOW WHERE WE'RE GOING; ARE STILL HEADED IN THAT DIRECTION; HAVE COME THROUGH SOME TOUGH WEATHER; BUT ARE STILL ENTHUSIASTIC AS HELL.

IT TOO WAS NAUTICAL IN NATURE BECAUSE OF A GROWING REALIZATION ACROSS THE NATION THAT THE FUTURE PROSPERITY OF THIS COUNTRY WILL, IN NO SMALL MEASURE, BE ENGINEERED AND POWERED BY THE ECONOMIC FLOWERING OF THE ATLANTIC REGION.

THE FUTURE OF CANADA IS BRIGHT; THE FUTURE OF THE MARITIMES IS DAZZLING. IF THAT SOUNDS LIKE HYPE, THAT'S EXACTLY WHAT IT IS -- YOU NEVER SOLD A HOUSE BY DWELLING ON THE CRACKS IN THE BASEMENT WALL.



WE'RE EXCITED ABOUT THE ATLANTIC ENTERPRISE AND ATLANTIC OPPORTUNITIES PROGRAMS. WE WANT TO ENCOURAGE INDUSTRIAL INVESTMENT. WE WANT TO LEND REGIONAL BUSINESS A HAND.

WE WANT TO REVERSE A TREND. WE SEE OUR YOUNG PEOPLE MIGRATING WEST FOR EMPLOYMENT AND WE'RE SADDENED. WE KNOW THEY DO SO WITH A HEAVY HEART. WE KNOW THEY'D PREFER TO STAY IN THE MARITIMES. ALL SENSIBLE PEOPLE WOULD. AND WE WANT TO MAKE THAT POSSIBLE.

WELL, THE FEDERAL GOVERNMENT IS DOING ALL IT CAN, AS QUICKLY AS IT CAN TO MAKE ATLANTIC CANADA HUM WITH ACTIVITY -- ACTIVITY GENERATIVE OF JOBS AND PROSPERITY.

AS A MATTER OF FACT, WE'RE DOING THAT ALL OVER THE COUNTRY -- WITH MARKED SUCCESS. THESE FACTS DON'T MAKE IT ONTO THE FRONT PAGE OF YOUR LOCAL NEWSPAPERS EVERY DAY, BUT THE FACT IS: WE AREN'T DOING TOO BADLY FOLKS!

THE ECONOMIC INDICATORS ARE DAMMED ENCOURAGING. UNEMPLOYMENT AND INFLATION ARE LOWER THAN THEY'VE BEEN IN CLOSE TO A DECADE. WE HAVE GOTTEN OUR ACT TOGETHER. THE WORLD NOW LOOKS UPON US AS A NATION IN CONTROL OF ITS DESTINY. WE'RE TRYING TO LIVE WITHIN OUR MEANS. WE'RE BEING RATIONAL AND REALISTIC ABOUT THE WAY WE ADMINISTER OUR WEALTH.

THAT ECONOMIC RENEWAL AND ATTENDANT JOB CREATION ARE TAKING HOLD IS NOWHERE MORE EVIDENT THAN IN HOUSING STARTS. WE'RE LOOKING AT 178,000 HOUSING STARTS THIS YEAR. WE'RE GETTING EVER CLOSER TO 1978'S MAGIC 200,000.

WE'RE ON OUR WAY. WE HAVE VERY GOOD REASON TO BE HEARTENED AND UPBEAT. I WAS DELIGHTED TO HEAR THAT CREA MEMBERS IN 1985 HANDLED RESIDENTIAL REAL ESTATE SALES WITH A VALUE OF MORE THAN 20 BILLION DOLLARS - THE HIGHEST TOTAL EVER. WHILE THIS SUCCESS IS PROBABLY NOT ENTIRELY DUE TO THE BENEFICIAL IMPACT OF A PROGRESSIVE-CONSERVATIVE ADMINISTRATION - I WOULD LIKE TO THINK, AT LEAST, THAT WE DIDN'T GET IN YOUR WAY!

AND THESE STATISTICS ARE ALL THE MORE ENCOURAGING BECAUSE THEY REFLECT THE FRUITS OF A COOPERATIVE EFFORT. THE FEDERAL GOVERNMENT HAS WORKED CLOSELY WITH THE PROVINCES IN THIS. THIS SUCCESS IS BORNE OF CONSULTATION AND PLANNING.

WE CLEARLY INDICATED THAT WE WOULD REFRAIN FROM THE USE OF AD HOC, SHORT-TERM MEASURES TO STIMULATE THE MARKET. WE WILL HAVE NO PART OF BAND-AID SOLUTION. THIS GOVERNMENT, THROUGH THE ACTIONS WE'VE TAKEN TO PROMOTE ECONOMIC RENEWAL AND THROUGH RESPONSIBLE MANAGEMENT OF THE ECONOMY, IS HELPING TO CREATE THE SORT OF ENVIRONMENT ON WHICH THE INDUSTRY CAN THRIVE. WHAT IS SIGNIFICANT HERE IS THAT THE SURGE IN HOUSING STARTS IS BEING DRIVEN FIRMLY BY MARKET FORCES.

WE ARE INVOLVED IN CONSCIOUS DELIBERATE ACTION, TAKEN ACCORDING TO WELL THOUGHT OUT PLANS, DEVELOPED THROUGH THE JOINT EFFORT OF THE TWO MAJOR LEVELS OF GOVERNMENT. THIS IS CONSULTATION AND COOPERATION AT WORK. THIS IS CANADA BEING GOVERNED AS IT SHOULD BE.

BUT CONSULTATION AND COOPERATION MUST NOT END WITH GOVERNMENTS.

YOU ARE EXPERTS IN THE FIELD OF HOUSING. WE, IN GOVERNMENT, HAVE A RESPONSIBILITY, GIVEN US BY THE PEOPLE, TO MAKE SURE THAT ALL CANADIANS ARE PROPERLY HOUSED. WE HAVE THE RESPONSIBILITY, YOU HAVE THE EXPERTISE. WE MUST WORK TOGETHER.

THERE ARE 65,000 THOUSAND OF YOU OUT THERE DEALING, ON A DAILY BASIS, WITH ALL ASPECTS OF THE REAL ESTATE INDUSTRY. DEVELOPMENT, MANAGEMENT, SALES, APPRAISAL -- THESE ARE SECOND NATURE TO YOU, JUST AS INSULT, INVECTIVE, INNUENDOS, AND SHAM ARE TO THE POLITICIAN.

I'M KIDDING, OF COURSE, (I THINK). BUT THE POINT I WANT TO MAKE IS THAT YOU ARE VERY WELL QUALIFIED TO PROVIDE ME, THE MINISTER FEDERALLY RESPONSIBLE FOR HOUSING, WITH HELP IN THE AREA OF ISSUES AND POLICIES. AND I'M COUNTING ON THAT ASSISTANCE.

IN MARCH OF '85, YOU PROVIDED THE GOVERNMENT WITH PROPOSALS FOR A NEW NATIONAL HOUSING POLICY. THAT WAS WELL RECEIVED. BUILDING ON FUNDAMENTALS, AS IT WAS TITLED, WAS THE WORK OF THOUGHTFUL, KNOWLEDGEABLE, REASONABLE PEOPLE INTENT ON HELPING US MAKE DECISIONS OF BENEFIT TO EVERYONE.

FOR THAT REASON, MANY OF ITS SUGGESTIONS AND RECOMMENDATIONS WERE REFLECTED IN THE GOVERNMENT'S POLICY ANNOUNCEMENT OF LAST DECEMBER.

SO, HERE WE ARE, WITH A TOTALLY REDEVELOPED COMMITMENT IN THE FIELD OF HOUSING, BORNE, IN PART, OF THE MOST SUCCESSFUL CONSULTATION PROGRAM ANY GOVERNMENT EVER UNDERTOOK. ALSO, WE HAVE EXCITING NEW PRODUCTS SUCH AS MORTGAGE-BACKED SECURITIES AND INDEX-LINKED MORTGAGES.

WE'RE ON A ROLL. CONSULTATION GOT US THERE AND CONSULTATION MUST BE CONTINUED. THIS GOVERNMENT AND THIS MINISTER IS COMMITTED TO THAT PROCESS. IT'S PART OF OUR STYLE; IT'S THE SOUL OF OUR PHILOSOPHY.

WE BELIEVE IN PEOPLE. WE HAVE FAITH IN THEIR KNOWLEDGE AND EXPERIENCE. IN YOUR REGIONS, IN YOUR PROFESSIONS, TRADES AND BUSINESSES -- YOU KNOW, BETTER THAN WE DO, WHAT'S BEST FOR CANADIANS.



POLITICIANS ARE THERE TO ARTICULATE YOUR WILL; CIVIL SERVANTS TO CARRY IT OUT. YOUR WILL IS FOR CHANGE. YOU MADE THAT CLEAR IN '84. WE'RE STRIVING TO PROVIDE IT. NOT CHANGE FOR CHANGE'S SAKE. CHANGE THAT WILL PRODUCE PROSPERITY.

WE WILL DARE TO DO THE UNCONVENTIONAL. WE'VE DONE SO OVER THE PAST TWO YEARS, AND WILL CONTINUE TO DO SO. AND WE WILL DARE TO BE OUTSTANDING. CANADIANS DON'T HAVE TO BE BLAND. WE HAVE ALL IT TAKES TO EXCEL.

WE CAN COMPETE. WE HAVE ALL THE RIGHT STUFF. WE SHOULD NOT FEAR SUCH CONCEPTS AS FREER TRADE. IT'S AN OPPORTUNITY, NOT A THREAT. IT MEANS NEW MARKETS FOR NEW PRODUCTS THAT WILL SPRING FROM NEW IDEAS.

AND NOBODY'S CORNERED THE MARKET ON IDEAS. THEY CAN COME FROM CANADA, AS WELL AS FROM THE U.S., GREAT BRITAIN, OR FRANCE. AND THEY WILL. THEY'LL CERTAINLY COME FROM THE MARITIMES. I CAN ASSURE YOU OF THAT.

AND THESE NEW IDEAS WILL MEAN JOBS AND NEW INITIATIVES. NEW INITIATIVES IN HOUSING.



WE'VE MADE CHANGES IN THE PAST TWO YEARS. AND THEY'RE SIGNIFICANT. THE NEW DIRECTIONS THAT CAME OUT OF OUR COMPREHENSIVE NATIONAL CONSULTATION IN HOUSING ISSUES KEEP THE FEDERAL GOVERNMENT FIRMLY COMMITTED TO HOUSING IN ALL OF ITS ASPECTS -- MARKET HOUSING, THE HOUSING PROVIDED BY PRIVATE ENTERPRISE, FULFILLS THE HOUSING NEEDS OF THE VAST MAJORITY OF CANADIANS AND WILL CONTINUE TO BE THE PRINCIPAL INSTRUMENT OF HOUSING PRODUCTION. AS A GOVERNMENT, HOWEVER, WE HAVE A SPECIAL CONCERN FOR THOSE IN NEED -- THE ELDERLY, THE INFIRM, SINGLE-PARENT FAMILIES, ALL THOSE WHO, FOR WHATEVER REASON, ARE NOT ABLE TO PROVIDE FOR THEMSELVES WITHOUT SOME HELP FROM THEIR FELLOW-CITIZENS. I FULLY EXPECT THAT MEASURES THAT WE HAVE INTRODUCED WILL ASSIST AS MANY AS 40 PER CENT MORE CANADIANS, WHILE MAINTAINING OUR COMMITMENT TO FISCAL RESPONSIBILITY. THAT'S PROPER USE OF AND RESPECT FOR THE TAXPAYERS' DOLLARS.

WE'RE ALSO IMPROVING ACCESS TO HOMEOWNERSHIP. WE'RE FINDING NEW WAYS TO MEET CHANGING NEEDS IN HOUSING AND WE'RE RELYING MUCH MORE ON THE PRIVATE SECTOR TO DO IT.

YOU WILL APPRECIATE THE IMPACT OF INTEREST RATES ON THE HOME-BUYING MARKET. WITH EVERY DROP OF 4 PER CENT IN INTEREST RATES, THE NUMBER OF RENTER HOUSEHOLDS WHICH CAN AFFORD TO

PURCHASE, DOUBLES. THERE HAS ALREADY BEEN A SIGNIFICANT IMPROVEMENT IN HOMEOWNERSHIP ACCESSIBILITY, SINCE INTEREST RATES HIT THEIR PEAK IN 1981, AND ONLY 7 PER CENT OF RENTERS COULD THEN AFFORD TO BUY.

A HOMEOWNER TAKING OUT A THREE-YEAR MORTGAGE OF \$70,000 FOR 25-YEAR AMORTIZATION PERIOD IN SEPTEMBER 1984, AT THE INTEREST RATE OF 13.75 PER CENT WAS MAKING A MONTHLY PAYMENT OF \$809.15. AS OF OCTOBER 14, 1986 THIS HOMEOWNER WOULD HAVE HIS MORTGAGE AT 10.75 PER CENT AND WOULD ONLY BE PAYING \$661.78, AN ANNUAL SAVING OF \$1,788.44. I HAVE NO EXPERIENCE AS A REAL ESTATE AGENT BUT, AS A LAYMAN, I WOULD THINK THAT A DROP IN MORTGAGE PAYMENTS OF MORE THAN \$1,700 A YEAR WOULD MAKE IT SOMEWHAT LESS DIFFICULT TO SELL A HOUSE!

AN AREA IN WHICH THE FEDERAL GOVERNMENT THROUGH CMHC WILL CONTINUE TO PLAY A KEY ROLE IS RESEARCH. DURING OUR CONSULTATIONS IT BECAME EVIDENT THAT THERE IS ACCEPTANCE OF THE IDEA OF A NATIONAL HOUSING RESEARCH COMMITTEE THAT WOULD IMPROVE CO-OPERATION AND CO-ORDINATION AMONG THE MANY DIFFERENT BODIES IN CANADA WHICH CONDUCT RESEARCH IN THE HOUSING FIELD. I AM HAPPY TO SAY THAT CREA WILL BE REPRESENTED ON THIS COMMITTEE WHICH IS SCHEDULED TO HOLD ITS FIRST MEETING EARLY IN DECEMBER.

AS BUSINESS PEOPLE, I THINK YOU WILL AGREE WITH ME, THAT CO-OPERATION OF THAT KIND IS THE BEST WAY TO GET THE MOST FOR PUBLIC DOLLARS INVESTED IN RESEARCH.

AS YOU KNOW, WE HAVE INTRODUCED MORTGAGE-BACKED SECURITIES WHICH ARE DESIGNED TO MAKE LONGER-TERM MORTGAGES AVAILABLE BY POOLING THE FUNDS OF SMALL INVESTORS AND GUARANTEEING THEM TIMELY PAYMENT OF THEIR RETURNS. AS PROFESSIONALS, YOU WILL BE BETTER ABLE TO JUDGE THAN I AM WHAT EFFECT THAT WILL HAVE ON SALES AND TO WHAT EXTENT IT WILL GIVE BUYERS THE CONFIDENCE TO INVEST THEIR SAVINGS IN A HOUSE. IT SEEMS TO ME THAT MEASURE WHICH EXTENDED MORTGAGE TERMS BEYOND THE CURRENT THREE OR FIVE YEARS WOULD HELP INTRODUCE MORE STABILITY IN THE MARKET, WOULD ENHANCE PEOPLES' SENSE OF FINANCIAL SECURITY AND WOULD STIMULATE HOME OWNERSHIP.

PUBLIC MORTGAGE INSURANCE, PARTICULARLY FOR HIGH-RATIO MORTGAGES, HAS ALWAYS BEEN AN IMPORTANT DEVICE FOR CREATING THE HOUSING THAT WE ENJOY TODAY. IT WILL BE CONTINUED AND IMPROVED. PRELIMINARY RESULTS OF OUR REVIEW INDICATE STRONG SUPPORT FOR THE SYSTEM OF PUBLIC MORTGAGE INSURANCE -- WITH SOME MODIFICATIONS TO ENSURE THAT THE PROGRAM IS OPERATED ON A FULL COST-RECOVERY BASIS, WITH EQUALITY OF ACCESS. MORTGAGE INSURANCE, THANKS TO CREA'S HELP IS A CONTINUALLY IMPROVING CONCEPT.

THE GOVERNMENT HAS ALSO INTRODUCED INDEX-LINKED MORTGAGE -- A MAJOR FEATURE OF THE NEW CO-OP HOUSING PROGRAM. THESE MORTGAGES WILL ALLOW CO-OPS TO ACHIEVE THEIR TWO OBJECTIVES:

- TO PROVIDE SECURITY OF TENURE FOR MODERATE INCOME HOUSEHOLDS UNABLE TO BUY A HOME;
- TO PROVIDE A NUMBER OF UNITS THAT WILL CARRY WITH THEM RENT SUPPLEMENT ASSISTANCE FOR LOW-INCOME CANADIANS.

UNTIL ITS FEASIBILITY HAS BEEN FULLY DEMONSTRATED THE INDEX-LINKED MORTGAGE WILL ONLY BE AVAILABLE TO COOPERATIVES UNDER THE NEW FEDERAL PROGRAM. THIS IS NECESSARY, GIVEN THE IMPLICATIONS OF THE GOVERNMENT'S GUARANTEE OF THESE MORTGAGES THROUGH THE MORTGAGE INSURANCE FUND.

WE ALSO PLAN, WITH YOUR HELP, TO LOOK AT BUILDING CODES AND DEVELOPMENT GUIDELINES. OUR EMPHASIS WILL BE ON MAINTAINING HIGH STANDARDS, FOR WHICH CANADIAN HOUSING IS NOTED, BUT WE WILL BE STRIVING TO ELIMINATE THE FRUSTRATIONS AND INEFFICIENCIES WHICH UNFOUNDED OR MISAPPLIED RULES OFTEN CAUSE.

WE ARE MAKING SIMPLIFICATION OF PROCEDURES A TARGET IN ALL WE DO. SIMILARLY, THERE ARE INNUMERABLE EXAMPLES OF DEVELOPMENT PLANS WHICH, WITH THE PROLIFERATION OF -- AND CONFLICTS BETWEEN -- VARIOUS APPROVAL AUTHORITIES, HAVE DELAYED APPROVALS SOMETIMES FOR PERIODS OF YEARS. THAT ADDS UNNECESSARILY TO THE COSTS. THERE ARE EVENTUALLY PASSED-ON AND THE CONSUMER IS THE ONE PUNISHED.

A PROVINCIALLY-SPONSORED STUDY ONCE DEMONSTRATED A SAVINGS POTENTIAL (ON THE BASIS OF ALTERNATIVE DEVELOPMENT STANDARDS) OF 25 PER CENT ON LOT PRICES ONLY. THAT TRANSLATED INTO A \$70 PER MONTH REDUCTION IN MORTGAGE PAYMENTS. AND THAT SAYS NOTHING ABOUT POTENTIAL COST SAVINGS IN MUNICIPAL SERVICING, WHICH ARE BORNE BY THE LOCAL TAXPAYERS.



OUR GOVERNMENT WILL ALSO BE PLAYING A ROLE IN LONG-RANGE PLANNING AND POLICY DEVELOPMENT. DEMOGRAPHERS PREDICT SOME DRAMATIC CHANGES IN OUR HOUSING NEEDS. THE AVERAGE HOUSEHOLD SIZE IS FALLING. IN 1971, IT WAS 3.6 PERSONS, AGAINST 3.0 PERSONS IN 1981. BY 1991, IT IS EXPECTED TO AVERAGE 2.7. THIS WILL RESULT IN A NEED FOR THOUSANDS OF ADDITIONAL HOUSING UNITS.

FUTURE NEEDS ARE NOT ONLY EXPRESSED IN NUMBERS. THERE WILL BE CHANGES IN THE TYPE OF HOUSING REQUIRED AS WELL. PERHAPS THE MOST DRAMATIC DEMOGRAPHIC SHIFT IS IN THE AGING OF CANADA'S POPULATION. STATISTICS CANADA REPORTS THAT 9.7 PER CENT OF CANADIANS ARE OVER 65 YEARS OF AGE. OUR SENIOR POPULATION IS EXPECTED TO ACCOUNT FOR 13 PER CENT OF THE TOTAL BY THE TURN OF THE CENTURY, AND 21 PER CENT BY THE YEAR 2031. THIS LARGER -- AND MORE ACTIVE -- GROUP WILL CLEARLY HAVE DIFFERENT NEEDS AND DEMANDS IN HOUSING.

I BELIEVE WE SHOULD MOVE NOW ON NEW ALTERNATIVES LIKE THE "GRANNY FLAT" CONCEPT, ON HOUSING DESIGNS WHICH FACILITATE CHANGES IN UNIT-LAYOUT WITH CHANGING RESIDENT NEEDS. WE MUST EVER BE SEEKING NEW IDEAS AND EXPLORING THEIR POTENTIAL AS ANSWERS TO EMERGING PROBLEMS.



AN OUTSTANDING CONCLUSION OF EXAMINING HOUSING IN CANADA AND ELSEWHERE, I AM NOW CONVINCED, IS THAT WE IN CANADA ARE WELL-HOUSED -- AND FOR THIS, THE PERSONNEL OF CMHC, OVER ITS 40 YEAR HISTORY, CAN TAKE CONSIDERABLE SHARE OF THE CREDIT.

THIS IS NOT FOR A MOMENT TO PRETEND THAT THERE ISN'T A HARD-CORE OF CANADIAN HOUSEHOLDS NEEDING ASSISTANCE -- IT REPRESENTS PERHAPS 12 PER CENT OF ALL HOUSEHOLDS. WE ACKNOWLEDGE THAT -- AND IT IS THAT PROBLEM WITH WHICH OUR POLICY, AND CMHC OPERATIONS, CONTINUE TO GRAPPLE.

BUT WE ARE ALSO AWARE -- AND IT IS PROPER TO BE AWARE -- THAT THERE IS A SIGNIFICANT NUMBER OF PERSONS THROUGHOUT THE WORLD WHO ARE IN SO DESPERATE A CONDITION AS TO BE TOTALLY HOMELESS.

THAT SUCH CONDITIONS EXIST IN SOME OF OUR GREATEST AND WEALTHIEST CITIES IS A SHAME AND SHOULD BE A CAUSE OF GREAT SOUL-SEARCHING. THE MAJORITY OF THESE POOR UNFORTUNATES WANDER THROUGH THE COUNTRYSIDE, TOWNS, AND CITIES OF THE UNDERDEVELOPED WORLD, A CONSTANT REMINDER OF ALL THERE IS LEFT TO DO TO MAKE THE HUMAN CONDITION LIVABLE UNIVERSALLY.

TO THE NEEDS OF THESE PERSONS AND FAMILIES, THE UNITED NATIONS HAS ADDRESSED 1987, THE INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS. CANADA, THROUGH CMHC AND OTHER BODIES, IS PLAYING A MAJOR PART IN THIS EFFORT, PARTLY THROUGH SUBSCRIBING FUNDS, AS PARTLY BY STAGING A MAJOR CONFERENCE, NATIONALLY, TO MARK THE YEAR AND THE PROBLEM. THIS INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS CONFERENCE IS BEING HELD IN OTTAWA SEPTEMBER 13 TO 16, 1987.

THE CONFERENCE'S OPERATING SPONSORS ARE THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS AND THE SOCIAL WELFARE COUNCIL. WITHOUT DOUBT, INPUT FROM A PRIVATE AND BUSINESS-FOCUSSED ASSOCIATION SUCH AS YOURS COULD BE EXTREMELY VALUABLE IN RESOLVING ONE OF THOSE PROBLEMS THE WORLD'S SOCIAL SAFETY NETS HAVE, SO FAR, NOT SOLVED. YOUR HELP WILL BE, I AM SURE, MOST WELCOME.

ON A BROADER LEVEL, THE HEALTH OF OUR HOUSING INDUSTRY AND OUR ABILITY TO MEET NEEDS WHICH EXIST WILL BE AFFECTED BY THE STRENGTH OF THE CANADIAN ECONOMY. THIS GOVERNMENT BELIEVES THAT THE ECONOMY CAN BEST BE STRENGTHENED THROUGH PRINCIPLES WE HAVE ALREADY PUT TO WORK, INCLUDING THAT OF FISCAL RESPONSIBILITY.

AS MINISTER OF PUBLIC WORKS, I KNOW OF CREA'S ENERGETIC APPEALS TO BE ALLOWED TO PARTICIPATE IN THE SALE OF GOVERNMENT PROPERTIES. THE NIELSEN TASK FORCE URGED, AS AN IMPORTANT PRIORITY, THAT WE RATIONALIZE THE GOVERNMENT'S USE OF REAL PROPERTY. THIS WE FULLY INTEND TO DO.

AND I WELCOME YOUR WILLINGNESS TO HELP. THE IDEA IS FOR US TO GET RID OF PROPERTY WE DON'T NEED AND TO GENERATE MONEY FOR THE CONSOLIDATED REVENUE FUND. TO PUT IT ANOTHER WAY: WHAT WE RAISE BY SELLING OFF PROPERTIES WE DON'T NEED WON'T HAVE TO COME OUT OF YOUR POCKET IN TAXES.

SO, THE NAME OF THE GAME IS MAXIMIZING THE TAKE. YOU'VE TOLD US YOU CAN DO BETTER THAN WE HAVE BEEN DOING. I'M WILLING TO LISTEN -- AS LONG AS YOUR EFFORTS ENSURE THAT ALL CANADIANS ARE GIVEN A CHANCE TO BUY.

I HAVE NEVER CEASED TO BE IMPRESSED BY THE INGENUITY AND RESOURCEFULNESS OF MAN WHEN THERE IS A DOLLAR TO BE MADE. SO, I INVITE YOUR EXECUTIVE TO BE IN TOUCH WITH MY OFFICE TO SET UP A MEETING. LET'S DISCUSS, IN DETAIL, HOW YOU MIGHT HELP US DO BETTER.

I WANT TO END ON A PHILOSOPHICAL NOTE -- ONE THAT WILL TELL YOU WHERE I'M COMING FROM.

PROPERTY IS RELATED TO PROPRIETY. IT'S AN ETHICAL INSTITUTION. IT'S A FEATURE OF OUR CIVILIZATION. THE KINSHIP OF PROPERTY WITH WHAT IS PROPER HAS BEEN RECOGNIZED FROM EARLY TIMES. IT HAS BEEN ACKNOWLEDGED BY THE PEOPLE THEMSELVES IN THAT GENUINE EXPRESSION OF POPULAR FEELING -- LANGUAGE.

NO MATTER WHAT PERIOD OR ASPECT OF OUR CIVILIZATION WE MAY CONSIDER, WE FIND THAT THE INSTITUTION OF PRIVATE PROPERTY HAS BEEN DEFENDED ON GROUNDS OF JUSTICE, FREEDOM, PROGRESS, PEACE, AND HAPPINESS, OFTEN ATTACKED AND SUPPRESSED, ULTIMATELY FREE PROPERTY EMERGED VICTORIOUS.

ALWAYS, PROPERTY HAS BEEN DEFENDED ON ETHICAL GROUNDS -- BE THEY OF AN IDEALISTIC OR MATERIALISTIC KIND -- AND PROVIDED WITH AMPLE JUSTIFICATIONS.

WHEREVER WE TURN, WE FIND THAT PROPERTY HAS BEEN CONSIDERED AS PROPER AND THAT PROPER PEOPLE HAVE RESPECTED PROPERTY.

I QUOTE TO YOU THE PRIME MINISTER OF CANADA, THE RIGHT HONOURABLE BRIAN MULRONEY, WHO SAID ABOUT PRIVATE PROPERTY WEEK:

"COME HONOUR OUR HERITAGE... AND RESERVE YOUR PROPERTY RIGHTS" IS AN APPROPRIATE THEME BECAUSE IT REAFFIRMS THAT THE OWNERSHIP OF PROPERTY REPRESENTS ONE OF THE FUNDAMENTAL ACHIEVEMENTS OF A DEMOCRATIC AND PROGRESSIVE SOCIETY. THIS COUNTRY WAS BUILT UPON THE TOIL OF OUR FOREFATHERS WHOSE BURNING SPIRIT AND UNRELENTING SACRIFICES SHAPED OUR PROGRAMS, OUR INSTITUTIONS AND OUR FREEDOMS.

OUR CHARACTER AND NATIONAL IDENTITY IS BASED UPON OUR HERITAGE AND IT IS TO THAT LEGACY THAT WE HAVE STRUCTURED OUR SOCIETY. ALSO, PROPERTY OWNERSHIP IS ONE OF THE CORNERSTONES OF OUR ECONOMY AND WE MUST ENCOURAGE CANADIANS TO PURCHASE AND DEVELOP THEIR FARMSTEADS, BUSINESSES, INDUSTRIES, OFFICES AND HOMES.

I THINK YOU CAN RELY UPON THIS GOVERNMENT TO GIVE LEADERSHIP IN DOING WHAT IS RIGHT AND NECESSARY TO GUARANTEE THE SANCTITY OF PRIVATE PROPERTY.

THERE ARE MANY AND INTERESTING CHALLENGES AHEAD OF US. I AM SURE WE WILL CONTINUE TO RECEIVE CONTRUCTIVE INPUT FROM YOU PROFESSIONALS IN THE AREA OF HOUSING. I LOOK FORWARD TO HEARING FROM YOU, TO SHARING WITH YOU INSIGHTS AND THOUGHTS ON HOW THE FEDERAL GOVERNMENT CAN FURTHER IMPROVE ITS EFFORT TO MEET THE NEEDS OF CANADIANS.





# Remarks by the Honourable Stewart McInnes

# Discours de l'honorable Stewart McInnes

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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1987 ANNUAL GENERAL MEETING  
OF THE CO-OPERATIVE HOUSING FOUNDATION OF CANADA  
HALIFAX, NOVA SCOTIA  
MAY 8, 1987



CMHC  SCHL



AS A NOVA SCOTIA NATIVE, AND A MEMBER OF A  
GOVERNMENT SO INFLUENCED BY THE THINKING OF  
GRADUATES OF ST. FRANCIS XAVIER UNIVERSITY, I AM  
PARTICULARLY PROUD TO HAVE THE OPPORTUNITY TO SPEND  
TIME WITH SO MANY MEMBERS OF THE CO-OPERATIVE  
HOUSING FOUNDATION.

WE SHOULD REMEMBER THAT THE FIRST CO-OPERATIVE  
HOUSING IN CANADA WAS BUILT BY THE MEN AND WOMEN OF  
TOMPKINSVILLE, IN RESERVE MINES, CAPE BRETON. AND  
THAT THE FATHER OF CO-OPERATIVE HOUSING WAS BORN IN  
MARGAREE.

NOVA SCOTIANS CLAIM DR. MOSES COADY AS THEIR OWN.  
BUT HE WAS, AND REMAINS, A NATIONAL FIGURE WHOSE  
BELIEFS AND TEACHINGS HAVE GUIDED MUCH OF THE SOCIAL  
THOUGHT OF THE LAST HALF CENTURY. HIS IDEAS AND  
IDEALS -- REVOLUTIONARY AND BARELY UNDERSTOOD AT THE  
TIME -- HAVE BECOME OUR EVERYDAY WISDOM.

FATHER COADY AND THE ANTIGONISH MEN MADE EDUCATION  
AN INSTRUMENT OF SOCIAL CHANGE AND REFORM.

.../3



AND I BELIEVE HE WOULD TAKE PRIDE IN YOUR THEME OF  
"HOUSING THE HOMELESS" IN RECOGNITION OF THE  
INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS.

EDUCATION, COOPERATION AND COMPASSION WERE THE  
TENETS OF THE PHILOSOPHY THAT GAVE IMPETUS TO THE  
CO-OPERATIVE HOUSING MOVEMENT IN CANADA.

YOU HAVE BUILT FROM THIS FOUNDATION.

COLLECTIVELY, YOU HAVE CREATED WHAT ONE ALONE CANNOT  
DO. IT'S AN ENTIRELY NEW APPROACH TO HOUSING THAT  
IS STILL VERY MUCH IN THE PIONEERING STAGE.

TEN YEARS AGO, DR. ALEX LAIDLAW WROTE THAT "THE MOVEMENT IS STILL IN ITS INFANCY, AND ITS GROWTH IN THE NEXT DECADE OR SO WILL LIKELY BE ACCOMPANIED BY CONSIDERABLE CHANGE AND ADAPTATION TO BE MADE IN LIGHT OF FURTHER EXPERIENCE".

THOSE OF US IN THIS ROOM KNOW HOW RIGHT DR. LAIDLAW WAS.

HOUSING IS AN AREA WHERE PRIVATE AND PUBLIC CONCERNS OVERLAP AND WHERE STRONG RELATIONSHIPS MUST EXIST.

BOTH MY PREDECESSOR BILL MCKNIGHT AND I BELIEVE IN THE IMPORTANCE OF THE WORK YOU DO AND THE CLOSE CONNECTIONS WE HAVE DEVELOPED.

THE REVIEW OF NATIONAL HOUSING POLICIES MY  
GOVERNMENT UNDERTOOK ESTABLISHED A CONTINUING,  
SYSTEMATIC CONSULTATION PROCESS TO ENSURE THE VIEWS  
OF ALL HOUSING SECTORS WOULD BE HEARD, AND THEY  
WERE.

THAT PROCESS BROUGHT A NUMBER OF THINGS. FIRST, ALL  
SOCIAL HOUSING FUNDS ARE BEING DIRECTED TO THOSE IN  
GREATEST NEED. FAR MORE TRULY DISADVANTAGED  
CANADIANS ARE NOW BEING ASSISTED THAN EVER BEFORE.

THE PROVINCIAL GOVERNMENTS ARE PLAYING A GREATER  
ROLE IN THE FUNDING AND DELIVERY OF HOUSING  
PROGRAMS. THIS HAS MEANT LOCAL REQUIREMENTS CAN BE  
BETTER MET.

CANADIANS WITH PARTICULAR NEEDS -- MANY NATIVE CANADIANS, THE DISABLED, THOSE EXPERIENCING AFFORDABILITY DIFFICULTIES IN THE PRIVATE RENTAL MARKET, THE ELDERLY, INDIVIDUALS OR FAMILIES WITH SERIOUS SOCIAL PROBLEMS -- ARE RECEIVING EVEN GREATER ATTENTION.

WE COMMITTED OURSELVES TO IMPROVED SUPPORT TO LOWER INCOME CANADIANS TO HELP THEM SECURE AFFORDABLE HOUSING AND WE HAVE HONOURED THE COMMITMENT.

THE IMPORTANCE OF CONTINUED ASSISTANCE TO THE  
CO-OPERATIVE MOVEMENT WAS ALSO RECOGNIZED. AS YOU  
KNOW, THIS REPRESENTED A MAJOR DEPARTURE FROM THE  
REST OF THE CHANGES.

CO-OPS WERE THE ONLY PROGRAM NOT DESIGNED  
EXCLUSIVELY FOR GROUPS IN CORE NEED TO CONTINUE TO  
RECEIVE SUPPORT FROM THE FEDERAL GOVERNMENT.

THIS SIGNIFICANT EXCEPTION IS DIRECTLY ATTRIBUTABLE  
TO MY GOVERNMENT'S BELIEF IN THE PRINCIPLES OF  
COOPERATIVE HOME OWNERSHIP AND THE REMARKABLE  
EFFORTS ON THE PART OF CHF.



DR. COADY WAS RIGHT AGAIN WHEN HE SAID "THE END IS THE FIRST INTENTION AND THE LAST IN EXECUTION. THE ULTIMATE OBJECTIVE ACTS AS A MOTIVATOR. THIS PHILOSOPHY NOT ONLY GIVES US OUR RIGHT DIRECTION BUT OUR RIGHT BEGINNING AS WELL, WHILE IT ALSO SERVES AS A CO-ORDINATOR OF ALL OUR ACTS AND SUPPLIES US WITH OUR DYNAMICS".

THE LESS POETIC AMONG US WOULD SAY "WHERE THERE'S A WILL THERE'S A WAY".

WE WERE IN AGREEMENT THAT THE ECONOMICAL AND AFFORDABLE COMMUNITIES CO-OPS PROVIDE ARE AN EXTREMELY VALUABLE ALTERNATIVE TO THE MORE CONVENTIONAL FORMS OF ACCOMMODATION.

PERSISTENCE, CREATIVITY AND PLAIN HARD WORK ON THE PART OF CHF -- SHIRLEY, MARK, ALEXANDRA AND NUMEROUS OTHERS, AND CMHC OFFICIALS ENSURED CONTINUING SUPPORT TO HELP CANADIANS WHOSE INCOMES ARE ABOVE THE ESTABLISHED SOCIAL SUBSIDY SUPPORT LEVEL BUT WHO ARE UNABLE TO AFFORD HOMEOWNERSHIP.

THE CREATION OF INDEX-LINKED MORTGAGES HAS BEEN AN INNOVATIVE EXPERIMENT.

FOR ITS FIRST YEAR I WOULD JUDGE THE ILM EXPERIMENT  
A QUALIFIED SUCCESS. THERE IS NO DOUBT FACTORS  
BEYOND OUR ANTICIPATION AND CONTROL HAMPERED THE  
FIRST YEAR'S EFFORTS. ESCALATING CONSTRUCTION COSTS  
AND THE FINANCIAL COMMUNITY'S LACK OF FAMILIARITY  
WITH THE FINANCIAL INSTRUMENT COMBINED TO LIMIT OUR  
ACHIEVEMENTS THIS YEAR.

HOWEVER, I AM NOT DISCOURAGED -- NOR SHOULD YOU BE.  
WE WILL CONTINUE TO WORK TOGETHER TO FIND OUR NICHE  
IN THE MARKETPLACE.

THE BROAD MIX OF INCOMES THAT HAS ALWAYS  
CHARACTERIZED CO-OPERATIVE HOUSING COMMUNITIES WILL  
BE SUPPORTED BY OUR FUNDING FOR INCOME-TESTED  
HOUSEHOLDS.

THE CONTINUED EXISTENCE OF TRUE CO-OPERATIVES WILL  
BE DEFENDED BY ASSURANCES THAT THE NOT-FOR-PROFIT  
PRINCIPLES ARE RESPECTED.

THE CONTRIBUTION THE CO-OPERATIVE MOVEMENT HAS MADE TO MEETING THE HOUSING NEEDS OF CANADIANS CAN IN NO WAY BE DIMINISHED.

THE VILLAGE OF THE CO-OP WITHIN THE EXTENDED COMMUNITY OFFERS ALL ONE COULD HOPE FOR IN A LIVING ENVIRONMENT. IT IS A UNIQUE QUALITY OF A VERY SPECIAL NATURE. IT IS THE MANIFESTATION OF THE BEST PRINCIPLES OF THE MOVEMENT.



AS WE LEARNED, IT IS ONLY THROUGH CONSULTATION AND  
CONSENSUS THAN REAL GAINS CAN BE ACHIEVED. AGAIN  
DR. COADY SAID IT BEST: "TEACHING IS A SLOW,  
DIFFICULT, SCIENTIFIC PROCESS IN WHICH THE LEARNER  
PARTICIPATES AND IS ENCOURAGED TO COME ALONG UNDER  
HIS OWN POWER".

PERHAPS I SHOULD HAVE REGISTERED FOR WORKSHOP NUMBER  
20. "DEMYSTIFYING 56.1 FINANCES" OR NUMBER 39.  
"THE NEW FEDERAL CO-OP PROGRAM."

I ADMIT TO HAVING STRUGGLED WITH MANY OF THE  
TECHNICAL TERMS AND HOUSING JARGON WHEN I FIRST TOOK  
OVER THE HOUSING PORTFOLIO. ONE CAN OVERCOME IT  
HOWEVER.

WHILE THE VOCABULARY MAY CAUSE US TO FURROW OUR  
BROWS -- THE CONCEPT IS SIMPLE.

IT IS THE PURSUIT OF THE MOST FUNDAMENTAL OF NEEDS:  
AFFORDABLE HOUSING.

ACTING TOGETHER -- AS THE WORD "CO-OPERATE" SUGGESTS  
IS THE ONLY WAY WE SHALL SUCCEED. THE CO-OPERATIVE  
MOVEMENT HAS A GREAT DEAL TO CONTRIBUTE BOTH  
NATIONALLY AND BEYOND OUR BORDERS. IT IS  
PARTICULARLY SO IN THIS INTERNATIONAL YEAR OF  
SHELTER FOR THE HOMELESS.

IT IS FOR THAT REASON MY GOVERNMENT IS ASSISTING  
ROOFTOPS CANADA TO INCREASE AWARENESS OF HOUSING  
ISSUES AROUND THE WORLD.

NEED IN THE DEVELOPING COUNTRIES FAR OUTSTRIPS THE  
RESOURCES OF NATIONAL GOVERNMENTS.

NON-GOVERNMENTAL, SELF-HELP GROUPS AT THE LOCAL  
LEVEL NEED THE SKILLS AND KNOWLEDGE WE HAVE  
DEVELOPED.

AS WE HAVE LEARNED TO MEET OUR NEEDS, WE CAN HELP  
THEM FIND SOLUTIONS APPROPRIATE TO THEIRS.

AS DR. COADY SAID:

"THE SECRET OF HUMAN PROGRESS OF THE INDIVIDUAL OR OF NATIONS IS THE RELEASE AND GUIDANCE OF HUMAN ENERGY. IT IS, THEREFORE, THE BUSINESS OF ADULT EDUCATORS TO RELEASE THE ENERGY OF HUMAN BEINGS, AND THIS CAN BE DONE BY GIVING THEM A VISION OF POSSIBILITIES. THE MORE THEIR ENERGY IS RELEASED ON WORTHWHILE THINGS, THE GREATER THEIR PROGRESS AND SUCCESS AS INDIVIDUALS AND NATIONS."

AND THERE IS A GREAT DEAL OF ENERGY BUILDING IN THIS ROOM.

YOU HAVE LISTENED LONG AND PATIENTLY TO ME THIS EVENING. I HAVE SEEN NODS OF ASSENT AND UNDERSTANDING BUT I'VE ALSO OBSERVED SOME CURIOUS LOOKS.

I KNOW WHAT YOU'VE BEEN WONDERING.

WHEN'S THE SHOE GOING TO DROP?

WELL, I HAD TO GET YOUR ATTENTION FIRST.

I SAID BEFORE THAT IN HOUSING PUBLIC AND PRIVATE  
ISSUES OVERLAP. THEY DO. AFFORDABLE HOUSING IS NOT  
EXCLUSIVE TO ANY ONE DOMAINE.

MY GOVERNMENT AND CMHC BELIEVE IN THE CO-OP MOVEMENT  
AND THAT THE ILM CAN WORK FOR THE BENEFIT OF LOW AND  
MODERATE INCOME HOUSEHOLDS. WE HAVE PROMISED OUR  
SUPPORT AND YOU HAVE RECEIVED IT.



WE WERE ABLE TO FILL THE GAP LAST YEAR WITH \$600,000  
IN SUPPLEMENTARY FUNDING TO THE CO-OP RESOURCE GROUP  
NETWORK.

THIS WAS DONE IN SPITE OF A VERY TIGHT FISCAL  
SQUEEZE.

EVERYDAY THERE ARE TREMENDOUS, COMPETING DEMANDS ON  
VERY SCARCE GOVERNMENT RESOURCES.

MY CABINET COLLEAGUES AND I MUST SET THE PRIORITIES  
AND RESPOND TO THE MOST URGENT NEEDS.

BECAUSE OF OUR COMMITMENT TO AFFORDABLE HOUSING FOR  
LOW- AND MODERATE-INCOME EARNERS, I AM PLEASED TO  
ANNOUNCE THAT I HAVE SECURED AN ADDITIONAL \$1.6  
MILLION FOR THE CO-OPERATIVE HOUSING PROGRAM FOR  
1987.

USING THE FORMULA FOR THE INDEX-LINKED MORTGAGES OF  
A 4 PER CENT RATE OF RETURN -- THIS TRANSLATES INTO  
NEARLY 5,000 NEW UNITS: YOUR ORIGINAL GOAL.

BUT AS YOU KNOW, THE 1987 RATE IS LIKELY TO BE ABOUT  
4.75 PER CENT. THAT'S APPROXIMATELY 3,900 UNITS.

WE'RE LOOKING AT AN ADDITIONAL 800 UNITS OVER LAST  
YEAR'S ACCOMPLISHMENTS. THIS IS A 25 PER CENT  
INCREASE IN PRODUCTION IN THE SECOND YEAR OF THE  
PROGRAM. NOT AN INSIGNIFICANT FIGURE.

I AM SURE IF WE WORK TOGETHER, AS WE HAVE DONE IN  
THE PAST, WE CAN BUILD CONFIDENCE IN THE ILM AND  
SEEK TO REDUCE THE RATE EVEN FURTHER.

THERE ARE THREE PARTS IN THIS EQUATION:

THE GOVERNMENT -- YOU HAVE OUR COMMITMENT.

THE INVESTMENT COMMUNITY -- OUR TARGET FOR A MORE  
EFFECTIVE MARKETING STRATEGY.

AND YOU.

YOUR CHALLENGE IS TO SECURE THE GREATEST NUMBER OF  
HOMES AS ECONOMICALLY AS POSSIBLE.

THIS COMBINATION WILL HELP US ACHIEVE THE GOAL WE  
SEEK.





# Remarks by the Honourable Stewart McInnes

# Discours de l'honorable Stewart McInnes

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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SPEAKING NOTES FOR

THE HONOURABLE STEWART MCINNES,  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION

CANADIAN COUNCIL ON SOCIAL DEVELOPMENT

IN

OTTAWA  
JUNE 12, 1987



CMHC  SCHL



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement

NHA 5930



IT IS A PLEASURE FOR ME TO JOIN YOU TODAY, ON BEHALF  
OF THE FEDERAL GOVERNMENT AND AS MINISTER  
RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING  
CORPORATION, THE LEAD FEDERAL GOVERNMENT AGENCY FOR  
THE INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS.

I WOULD LIKE TO CONGRATULATE YOU -- AND PARTICULARLY  
TERRY HUNSLEY AND MARYANN MCLAUGHLIN -- FOR THE  
WORK THAT HAS BEEN DONE BY CCSD THIS YEAR.

IT HAS BEEN IN THE TRUE SPIRIT OF THE UN'S  
DESIGNATED INTERNATIONAL YEAR OF SHELTER FOR THE  
HOMELESS AND WITHIN THE UNIQUE CONTEXT OF CANADA'S  
NATIONAL FABRIC.

AS CANADA'S NATIONAL HOUSING AGENCY, CMHC HAS  
INITIATED AND SUPPORTED PROGRAMS AND ACTIVITIES TO  
FOSTER AVAILABLE, AFFORDABLE HOUSING.

THE PROGRAMS RANGE FROM THE PROVISION OF INSURANCE  
FOR MORTGAGES, WHICH HAS RESULTED IN MORE THAN 2.3  
MILLION HOUSEHOLDS ACHIEVING HOMEOWNERSHIP TO AN  
ANNUAL SUBSIDY BUDGET OF \$1.5 BILLION TO ASSIST  
THOSE CANADIANS WITHOUT THE MEANS TO PURCHASE  
ACCOMMODATION. OVER THE YEARS MORE THAN HALF A  
MILLION UNITS HAVE RECEIVED ASSISTANCE THROUGH  
VARIOUS SOCIAL HOUSING PROGRAMS AND MORE THAN  
400,000 HOMES HAVE BEEN SAVED FROM DETERIORATION AND  
ABANDONMENT.

IT HAS BEEN A CONSCIOUS EFFORT TO PROVIDE THAT BASIC  
HUMAN REQUIREMENT -- SHELTER.

AND TWO YEARS AGO THERE WAS A FULL REVIEW OF  
NATIONAL HOUSING POLICIES. AS A RESULT, MORE TRULY  
DISADVANTAGED CANADIANS ARE BEING ASSISTED THAN  
EVER BEFORE.

EVERY DOLLAR OF PUBLIC FUNDS FOR SOCIAL HOUSING IS  
NOW TARGETED TO THOSE IN GREATEST NEED.



SPECIALIZED PROGRAMS TO ASSIST NATIVE CANADIANS, THE  
HANDICAPPED, THE ELDERLY AND OTHERS WITH VERY  
SPECIFIC NEEDS HAVE BEEN DEVELOPED AND ARE IN PLACE.

THESE LONG-TERM STRATEGIES, DEVELOPED OVER THE  
DECADES WITH OTHER LEVELS OF GOVERNMENT, THE  
RESIDENTIAL CONSTRUCTION INDUSTRY AND SOCIAL ACTION  
GROUPS INTERESTED IN HOUSING, HAVE RESULTED IN  
SECURE ACCOMMODATION FOR THE OVERWHELMING MAJORITY  
OF CANADIANS.

CANADA'S HOUSING POLICIES AND PROGRAMS HAVE GROWN IN TANDEM WITH A WIDE RANGE OF OTHER SOCIAL ASSISTANCE PROGRAMS. AND, THROUGHOUT THE YEARS CCSD HAS WORKED TO SUPPORT THESE INITIATIVES.

FEDERAL ASSISTANCE IS AVAILABLE TO HELP THE UNEMPLOYED, AND THROUGH THIS SYSTEM KEEP THEM IN THEIR HOMES. THE CANADA ASSISTANCE PROGRAM FUNDS SOCIAL SERVICES FOR THE HOMELESS. HEALTH AND WELFARE PROVIDES INCOME SUPPORT FOR THE ELDERLY, ASSISTING THEM TO LIVE IN DIGNITY. THROUGH THE EFFORTS OF ALL LEVELS OF GOVERNMENT, WE HAVE DEVELOPED AN ALMOST UNPARALLELLED STANDARD OF LIVING FOR MOST CANADIANS, COMPARED WITH THE REST OF THE WORLD.

I SAY MOST, BECAUSE AS YOU ARE AWARE, SOME CITIZENS  
HAVE NOT SHARED EQUALLY IN THESE BENEFITS. AND YOUR  
STUDY, ALONG WITH OTHERS, HAS REVEALED THAT  
HOMELESSNESS INVOLVES MORE THAN SIMPLY THE PRESENCE  
OR ABSENCE OF SHELTER.

NO ONE FACTOR CAN SUCCESSFULLY DEFINE HOMELESSNESS,  
NOR IS IT POSSIBLE TO SET AN ABSOLUTE NUMBER.

THERE ARE UNMET HOUSING NEEDS IN THIS COUNTRY.

THOSE WITHOUT SOME FORM OF SHELTER ARE FEW. THOSE  
WITHOUT A TRUE HOME APPEAR TO BE ON THE INCREASE AND  
THOSE UNABLE TO SUSTAIN AN AFFORDABLE HOME ARE MORE.

THERE IS VALUE IN ADDING UP THE NUMBERS BUT MORE  
IMPORTANT IS DETERMINING THE CAUSES AND SEEKING  
APPROPRIATE WAYS TO ELIMINATE THEM.

IT HAS BEEN SAID THAT "HOMELESSNESS IS NOT SIMPLY  
THE LACK OF STABLE SHELTER; IT IS A LIFE IN  
DISARRAY".

CANADIANS LIVING WITHOUT PERMANENT SHELTER ARE THE  
SYMPTOMS OF THE DISEASE -- NOT THE DISEASE.

WE HAVE TO FIND THE ROOTS OF HOMELESSNESS, IDENTIFY  
THE PRESSURES AND CAUSES, BEFORE PROPOSING  
SOLUTIONS.

IN CANADA, THE CAUSES OF HOMELESSNESS ARE AS DIVERSE  
AS THE HOMELESS THEMSELVES. THEY ARE VARIED,  
CHANGING OVER TIME, AND FROM CITY TO CITY.

BUT SOME COMMON ELEMENTS OR THEMES HAVE EMERGED.

1. UNEMPLOYMENT - CHRONIC, TEMPORARY OR SEASONAL;
2. MENTAL OR PHYSICAL ILLNESS;



3. LACK OF APPROPRIATE AND AFFORDABLE HOUSING;

4. AN INCREASED MIGRATION OF NATIVE PEOPLES FROM  
RURAL TO URBAN AREAS BUT WITHOUT THE SKILLS  
REQUIRED FOR CITY LIVING; AND

5. YOUNG PEOPLE LEAVING HOME BUT NOT REALLY ABLE TO  
COPE WITH THE WORLD.

PEOPLE FROM ALL WALKS OF LIFE, OF ALL AGES, AND WITH  
DIFFERENT EXPERIENCES ARE LOSING THEIR CAPACITY TO  
CONTROL THEIR OWN LIVES.

THE NEEDS ARE SO DIFFERENT THE SOLUTIONS CANNOT COME  
FROM GOVERNMENTS ALONE.

RESOLVING THE ISSUES SURROUNDING HOMELESSNESS IN  
CANADA REQUIRES THE INVOLVEMENT OF MANY GROUPS:

THE HOMELESS AND THE NEAR-HOMELESS;

THE VOLUNTEER AND LOCAL ORGANIZATIONS WHO HAVE HAD  
THE EXPERIENCE OF PROVIDING SHORT-TERM SHELTER, FOOD  
AND HEALTH SERVICES;

PRIVATE INDUSTRY FOR THEIR INVESTMENT AND BUILDING  
EXPERTISE;

MUNICIPALITIES;

PROVINCIAL GOVERNMENTS AND THEIR AGENCIES; AND

THE FEDERAL GOVERNMENT

THIS YEAR THEY ARE ALL INVOLVED.

THE VAST MAJORITY OF THE PROJECTS FUNDED FOR THE  
INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS IN  
CANADA ARE DESIGNED TO INCREASE AWARENESS OF THE  
PROBLEM, BOTH HERE AND ABROAD, AND ENCOURAGE THE  
INVOLVEMENT OF ALL THESE GROUPS TO SEEK PERMANENT,  
LASTING SOLUTIONS.

WE HAVE SOUGHT TO FOSTER PUBLIC DISCUSSION, THE  
SHARING OF INFORMATION AND THE DEVELOPMENT OF IDEAS  
AND PROGRAMS FROM THE PEOPLE. BECAUSE IT'S A  
PEOPLE-TO-PEOPLE EXERCISE.

NO PERSON OR IDEA SHOULD BE DENIED THE OPPORTUNITY  
TO MAKE A CONTRIBUTION. THE CONSULTATION PROCESS  
SHOULD BE NATIONWIDE AND RANGE FROM THE STREETS TO  
THE BOARDROOMS.

IN THE ORIGINAL PLANS, CCSD WAS TO HOLD WORKSHOPS IN  
EACH OF THE 10 PROVINCES. THE TERRITORIES WERE NOT  
INCLUDED. BUT THEY HAVE INDICATED A WISH TO TAKE  
PART AND I AM PLEASED TO ADVISE YOU THAT  
SUPPLEMENTARY FUNDING WILL BE PROVIDED TO ENSURE  
THESE TWO ADDITIONAL WORKSHOPS WILL BE HELD.

CANADIANS, THROUGH INDIVIDUAL ACTION, SOCIAL AND CHARITABLE ORGANIZATIONS, CHURCHES AND ALL LEVELS OF GOVERNMENT HAVE RESPONDED TO THE URGENT, SHORT-TERM NEEDS OF INDIVIDUALS AND FAMILIES IN DIFFICULTY. WE'VE DEVELOPED THE SKILLS TO HANDLE EMERGENCY NEEDS.

WE'VE PROVED THAT WE'RE A CARING NATION. BUT WE MUST NOW CONCENTRATE OUR EFFORTS IN TRANSFORMING THIS CONCERN INTO LONG-TERM SOLUTIONS.

MUNICIPALITIES CAN PROTECT EXISTING AFFORDABLE HOMES, AND REDUCE REGULATORY BARRIERS THAT COULD FREE UP LAND.



NON-PROFIT HOUSING GROUPS CAN OFFER SECURITY OF  
ACCOMMODATION WHERE THE COST OF KEEPING THE HOME IS  
KEPT TO A MINIMUM BY CO-OPERATIVE EFFORT.

PROVINCIAL DEPARTMENTS AND AGENCIES CAN SEARCH FOR  
WAYS TO MESH THEIR WIDE RANGE OF SOCIAL PROGRAMS TO  
MEET THE MULTITUDE OF CIRCUMSTANCES FACED BY THE  
HOMELESS AND NEAR-HOMELESS.

AND AT THE FEDERAL LEVEL, WE CAN DEVELOP AND SUPPORT  
BROAD-BASED POLICIES AND PROGRAMS THAT CAN BE  
IMPLEMENTED, LOCALLY, THAT OFFER SECURE, PERMANENT  
HOUSING.

WHILE CANADA HAS A RICH AND ACCOMPLISHED HISTORY OF PROVIDING DECENT SHELTER TO ITS CITIZENS, THIS YEAR HAS PROVIDED RENEWED VIGOUR TO OUR SEARCH TO IMPROVE AND INCREASE THE DELIVERY OF SHELTER TO THE HOMELESS.

WE CAN BUILD ON OUR SUCCESSES OF THE PAST WITHOUT BEING TIED TO OLD IDEAS OR OLD WAYS.

THE HOMELESS ARE NOT HOPELESS, AND THE PROBLEMS ASSOCIATED WITH HOMELESSNESS CAN BE RESOLVED IN CANADA.

SOLUTIONS CAN BE FOUND WITH A COMMITTED PARTNERSHIP OF GOVERNMENTS, PRIVATE MARKET INVESTMENT, AND THE CONTINUED ENTHUSIASM OF VOLUNTEER AND CHARITABLE INSTITUTIONS COMMITTED TO IMPROVING LOCAL AND REGIONAL LIVING AND HOUSING CONDITIONS.

OUTSTANDING EXAMPLES OF CREATIVE HOUSING ARE SPRINGING UP ACROSS THE COUNTRY. THE MOST SUCCESSFUL HOUSING PROJECTS FOR THE HARD-TO-HOUSE OFFER SHELTER, WITHIN THEIR OWN ENVIRONMENT, WITH READILY AVAILABLE SERVICES THAT HELP RESIDENTS REGAIN CONTROL OF THEIR LIVES. AND THEY ARE LONG-TERM SOLUTIONS -- NOT EMERGENCY, BAND AID APPLICATIONS.

IN THE DOWNTOWN CORE OF TORONTO THERE IS A SPECIALLY  
DESIGNED 11-STOREY APARTMENT BUILDING HOUSING PEOPLE  
WHO HAD BEEN USING EMERGENCY HOSTELS AS LONG-TERM  
HOUSING. THEY HAD A VARIETY OF PROBLEMS THAT MADE  
IT DIFFICULT FOR THEM TO GET AND KEEP HOUSING.

90 SHUTER STREET IS GOOD QUALITY, AFFORDABLE, AND  
PRIVATE.

RESIDENTS LIVE IN THEIR HISTORICAL NEIGHBOURHOOD  
WITH EASY ACCESS TO COMMUNITY TRANSPORTATION AND  
SERVICES.

IT'S THE ROOMING HOUSE CONCEPT WITH 1980S AMENITIES.

IT REFLECTS THE PARTNERSHIP OF A COMMUNITY-BASED  
CHARITABLE ORGANIZATION, WITH CMHC FUNDING,  
PROVINCIAL FINANCIAL ASSISTANCE AND PROVINCIAL AND  
MUNICIPAL SUPPORT OF ON-SITE STAFF.

ANOTHER EXAMPLE IS A CMHC EXPERIMENT IN WHAT IS  
KNOWN AS "SWEAT EQUITY". IT IS DESIGNED TO HELP  
CANADIANS IN RURAL AREAS ACHIEVE DECENT HOMES.  
MATERIALS AND NECESSARY TRAINING ARE PROVIDED AND  
THE HOUSEHOLDER BUILDS THE HOUSE HIMSELF.

CO-OPERATION, CREATIVITY, EDUCATION, PRACTICAL  
SOLUTIONS AND SOME HARD-WON WISDOM WILL HELP US FIND  
SHELTER AND DIGNITY FOR CANADIANS.



THE SITUATION IS FAR FROM HOPELESS IN CANADA.

INTERNATIONALLY THE SOLUTIONS MAY NOT BE AS EASY.

MORE THAN 40 PER CENT OF THE WORLD'S POPULATION  
LIVES IN URBAN AREAS NOW, AND BY THE END OF THE  
CENTURY, FOR THE FIRST TIME IN HISTORY, MORE PEOPLE  
WILL BE LIVING IN CITIES THAN RURAL AREAS.

IF TRENDS CONTINUE, BY THE YEAR 2000, THE UN  
PREDICTS 60 CITIES IN THE WORLD WILL HAVE  
POPULATIONS OF 5 MILLION OR MORE -- 45 OF THEM IN  
DEVELOPING COUNTRIES.

THE MOST POWERFUL REALITY LIES IN THE FACT THAT THE  
POPULATIONS OF SLUM AND SQUATTER SETTLEMENTS ARE  
INCREASING AT TWICE THE RATE OF THE CITIES  
THEMSELVES, AND FOUR TIMES FASTER THAN WORLD  
POPULATION GROWTH.

THROUGH THE INTERNATIONAL YEAR OF SHELTER FOR THE  
HOMELESS, THE UNITED NATIONS HAS CHALLENGED US TO  
WORK TOGETHER TO FIND THE APPROPRIATE MEANS OF  
ASSISTING THE POOR AROUND THE WORLD TO IMPROVE THEIR  
NEIGHBOURHOODS AND BUILD SHELTER.

WE KNOW THE MAGNITUDE OF THE PROBLEM. THE NUMBERS  
ARE CLEAR.

WHAT WE HAVE LEARNED IN THE DECADE SINCE HABITAT '76  
IN VANCOUVER IS THAT NO ONE NATION HAS THE RESOURCES  
TO SOLVE THE PROBLEMS OF THOSE WITH INADEQUATE  
SHELTER. WE MUST DRAW ON ALL OUR KNOWLEDGE,  
EXPERIENCE, RESOURCES, AND IMAGINATION. BUT MOST  
IMPORTANT, WE CAN ACHIEVE THE GREATEST EFFECT WHEN  
WE SUPPORT INDIVIDUAL AND COMMUNITY  
SELF-SUFFICIENCY.

A NUMBER OF PROGRAMS ARE ALREADY UNDERWAY THROUGH  
CIDA, THE ROYAL ARCHITECTURAL INSTITUTE, THE MCGILL  
CENTRE FOR MINIMUM COST HOUSING AND A HOST OF OTHER  
ORGANIZATIONS.

WE ARE SPONSORING MORE THIS YEAR. MUCH OF THE WORK  
WILL CULMINATE AT AN INTERNATIONAL CONFERENCE TO BE  
HELD HERE IN OTTAWA IN SEPTEMBER.

THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL  
OFFICIALS, THE INTERNATIONAL COUNCIL ON SOCIAL  
WELFARE, CMHC, CIDA, THE PROVINCE OF ONTARIO AND  
PRIVATE INTEREST GROUPS ARE SPONSORING "NEW  
PARTNERSHIPS -- BUILDING FOR THE FUTURE". IT IS  
EXPECTED 1,200 DELEGATES FROM CANADA AND AROUND THE  
WORLD WILL MEET TO DISCUSS THE ISSUE OF  
HOMELESSNESS, IDENTIFY NEW DIRECTIONS AND STRATEGIES  
FOR DEALING WITH THE PHENOMENON, AND PROVIDE A FORUM  
FOR THE EXCHANGE OF IDEAS.

WE CAN SHARE OUR EXPERTISE AND PERHAPS OFFER SOME  
PRACTICAL ASSISTANCE TO DEVELOPING COUNTRIES  
ATTEMPTING TO COPE WITH THEIR MILLIONS OF HOMELESS.

AT THE SAME TIME WE CAN RENEW OUR COMMITMENT TO  
SOCIAL JUSTICE IN CANADA.

THANK YOU.





# Remarks by the Honourable Stewart McInnes

# Discours de l'honorable Stewart McInnes

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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NHA 5930



For the last few weeks those of us involved in both business and government have been preoccupied with the turmoil that has been experienced in the financial market places of the world.

While there is a sense of urgency and unease in the newspaper headlines, well-informed groups and individuals recognize the Canadian economy is essentially sound.

And from your perspective, as professionals dealing in the commodity of real estate, it's useful to remember that over the years real estate has consistently outperformed the marketplace, and the ultimate escape investment, gold.

There has been economic renewal in this country. We're in our 5th consecutive year of expansion. Real gross domestic product increased by 1.5 per cent in both the 1st and 2nd quarters of the year.

Based on 1st quarter results forecasters are looking at economic growth to exceed 3 per cent this year.

But expressions like gross domestic product really mean little unless we can translate them into something more tangible, something we can touch.

There's plenty of evidence of real benefits from this economic health.

How about jobs? In the first half of 1987 more than a quarter of a million new jobs were created -- and not just in central Canada. Unemployment rates did not rise in a single province and were down in the majority.

A job is more than a pay envelope. It means hope for a future for a young person; dignity and freedom of choice rather than a welfare cheque.

It represents a true improvement in the quality of all our lives.

And there are other indications to suggest more Canadians may realistically achieve their personal goals.

Mortgage interest rates are one of the most important factors potential homebuyers respond to.

No one really knows what the trigger number is, or the tolerance level of buyers, but analysts agree the stability of rates over the last two years has encouraged the industry.

With 5-year rates now at 11.5 and 1-year at 10.5 more Canadians can become homeowners.

One direct result of the decline and stabilization of interest rates, and general confidence in the economy, is in your livelihood -- real estate -- and more particularly housing.

There's a good deal of product available now, and for the future.

Housing starts during the third quarter of this year have reached a seasonally adjusted annual rate of 263,000. This is the highest level since the first quarter of 1978 and 30 per cent over last year. Forecasts for this year have now reached 241,000.

The preliminary starts for October were at an adjusted rate of 222,000 units.

It's reassuring to know there will still be work next year.

The market seems to be in transition now Nationally the peaks and valleys are becoming less extreme.

While there's an excitement when a market gets as hot as it did here in Toronto, it results in a great deal of work for many, and results for very few.

And it's good to see the optimism building again in the West and the economic recovery in the East.

Consumer confidence is good for the real estate community.

Last year Crea members, more than 70,000 of you, handled residential MLS real estate sales valued at more than \$26 billion, the highest total ever.

While this is great news for your industry, I believe it represents some of the positive effect from the government's policies of responsible management of our national economy and encouragement of an environment where your industry can thrive.

Consultation and co-operation with all levels of government and the industry have sent strong messages: avoid unnecessary intervention in the market and spend government dollars where they can do the greatest good for those most in need.



We've taken it to heart. Housing subsidy funds are now being directed to the most needy. The result of these decisions has been a dramatic improvement in the number of truly disadvantaged Canadians who are being helped to find affordable housing.

Recent statistics suggest more than 50 per cent more households are being helped than this time last year, when we had just introduced the new program.

On the market side, your side, we've taken a very important step in encouraging investment in housing by attracting more funds into mortgages.

Mortgage-Backed Securities, over the long term, should offer a smoother flow of funds into residential construction, improve the financing flexibility of Canadian lending institutions and help keep interest rates down.

For investors, the bonds are as secure as Government bonds, provide monthly payments of principal and interest and can be sold at any time.

We anticipate a minimum of \$450 million will be sold by year end.

It's more than the amount sold in the United States in 1971, the year they were introduced in that country. To give you an idea of the future potential of this market, in the U.S. last year \$96 billion were sold. We'll watch and see.

Cannie Maes, as they're known in the investment community, are on the market now because of consultation and consensus within the industry.

The same process brought major change to the mortgage insurance the government provides through CMHC.

The introduction of mortgage insurance in the early 50's was the first major initiative CMHC ever took that significantly affected the availability of financing for homes.

By protecting the lenders from default they could dramatically increase the amount of money available for mortgages and allowed Canadians to buy with a small downpayment.

Never before had there been what became known high-ratio mortgages. It stimulated the birth of a real housing industry in this country. And I would suggest gave rise to the tremendous growth in the number of real estate professionals in this country.

Today, \$39 billion worth of NHA insurance is in force and more than 2.6 million households have been helped.

Since then the relationship between CMHC and the real estate industry has grown and strengthened. Both have recognized the value of working together to ensure a healthy environment for housing.

At no time has the relationship been stronger than now.

Mortgage insurance has been an effective tool of public policy. Homeownership is a reality for millions of Canadians throughout the country because of it.

But for many years it wasn't managed in the way a normal insurance company would be.

There was no reason to hustle. Well that's changed.

Not our commitment to provide service throughout the country. Equal access remains, whether you live in downtown Vancouver, British Columbia, Gananoque, Ontario, Yarmouth, Nova Scotia or Yellowknife.

What has changed is our attitude. In the past 18 months the deficit of the fund has been reduced from \$245 million to \$230 and it's in a positive cash flow situation. And we are paying far more attention to **all** the players in the industry.

We've tailored products and services that fit builders' construction schedules better.

Our fees and premiums now reflect the risk involved.

We raised the dollar cap on insurable loans to cover current house prices.

I believe the changes to the mortgage insurance program can help you help your clients more.

First-time homebuyers, with little equity, have always faced the challenge of accumulating enough money for the downpayment.

Help has often come from families or friends. Or in the form of a second mortgage -- generally carrying a pretty high premium.

CMHC is still in the business of insuring high-ratio mortgages. We will help people get their start. And if they want the benefit of assuming an existing mortgage at favourable rates we will now insure second mortgages at first mortgage rates.

For your clients moving up, who've built up some equity, there's what's known as PRIME.

If there's a downpayment available of at least \$10,000 and it's an 80 per cent mortgage, for a \$75 application fee there's no need of getting or paying for an appraisal -- and approvals are given over the phone.

In your business, the faster and neater the deal, the much better chance there is for a successful close.

When I said there was an attitude change -- I meant it.

In all the CMHC offices across the country the mortgage insurance people are in friendly competition with one another to improve their turnaround time on approvals and broaden the mix of high- and low-ratio business.

But as much as anything, they're trying to work more closely with you, the customer contact, to make sure you're getting the kind of service you need.

It's not what people would describe as a typical civil service attitude.

It meets social policy goals but it's market driven.

The business sense that is being fostered is not just in mortgage insurance.

In real estate sales we must be very sensitive to the marketplace.

Every year CMHC has property to sell -- either units owned outright by the corporation -- or those taken back through mortgage defaults.

Since 1984 properties valued at more than \$800 million have been sold on the market. Sold -- not dumped.

Caution is always used to make sure the local market isn't suddenly depressed by a flood of new units.

Many of the more than 23,000 units sold by the Corporation since 1984 have been handled through MLS and in the last 6 years more than \$60 million in real estate commissions have been paid.

At Public Works, where I wear my other ministerial hat, negotiations have been going on with CREA about the most equitable methods of selling publicly-owned properties.

We've made a very positive step recently listing a property in Hull, Quebec through MLS and some dozen more elsewhere in the country are planned in the next few months.

I'm delighted with the progress of the discussions and look forward to hearing from your new President very soon to chart our next steps.

The consultative process begun a couple of years ago is continuing to pay dividends. Research is one of these areas.

By co-ordinating public and private sector research in the housing field we have established priorities. It is the best way to get the most for the public dollars invested in research.

I am grateful to CREA for their active participation on the national housing research committee.

Among the first priorities is regulatory reform.

Regulations, particularly those on residential construction, no matter how sensible they appear to be, or how well-intentioned, sometimes get in the way of efficiency and economy.

They are imposed, as a rule, in the interests of safety or health, and are frequently necessary safeguards.

Unfortunately, the original intent is sometimes forgotten or has long-since outlived its usefulness. That's why we're funding a Task Force of the Federation of Canadian Municipalities, the Canadian Homebuilders' Association and the Canadian Association of Housing and Renewal Officials.



That group is striving to eliminate the frustrations and inefficiencies which unfounded or misapplied rules often cause.

We want to make simplification of procedures a target in all we do.

There are too many examples of development plans, which, with the proliferation of -- and conflicts between -- various approval authorities, have delayed approvals sometimes for periods of years. That adds unnecessarily to the costs. They are passed on -- and the consumer is the one punished.

I am very anxious to see some specific recommendations we can move on quickly.

Another critical area identified for research is how we can meet the challenges facing the residential housing industry.

Three basic structural changes are going to occur: the baby boomers will become senior citizens; households will be significantly smaller; and the renovation business is going to outstrip new home construction.

A look at the population trends tells the story. In 1971 the number of Canadians 65 and over was 1.7 million. In 1986 it was 2.6 million, about 10 per cent of the population, and by 2001 we're looking at 3.3 million.

By the year 2025, the number of people over 55 years of age will double. Demand for new houses could stall completely.

We are already looking at a variety of housing styles that could suit the needs of this growing market.

There are also a number of new financial instruments that could help seniors convert their home equity into cash flow, thus allowing them to remain independant and financially secure for many years.

A new publication, Housing Choices for Older Canadians, has just been issued by CMHC and is available at their exhibit. I would urge you to take a close look at what might be available on the market in just a few years.

You'll also find the very first report for the real estate market produced by CMHC's new Market Analysis Centre.



The Centre has been established to provide a national analysis and forecasting service for both CMHC and all sectors of the housing industry.

It could very well become one of the most reputable national forecasting centres in the country.

I am very encouraged by the success we've achieved by working together and solving our problems in positive ways.

Canadians, in general, have achieved an outstanding quality of life. Your efforts and professionalism have contributed to these gains.

I look forward to hearing from you and to sharing your thoughts and views on how the federal government can further improve its efforts to meet the needs of Canadians.

## FREE TRADE

The arguments against the free trade agreement appeal too often to emotionalism rather than to rational examination. When you cut away the hype, you can see quite clearly that the reasons for entering into the arrangement are sound, that potential benefits are enormous, and that the criticisms are groundless.

### Reasons for entering into the Free Trade Agreement

The primary reason for entering into the free trade agreement is that it will bring substantial prosperity for Canadians. And with prosperity we can finance social programs and institutions.

Economic analyses have been tremendous. Canada, as a whole, will benefit substantially.

The well respected and oft-quoted Economic Council of Canada has predicted that more than an 350,000 jobs will be created by 1995; that there will be 3.3 per cent more economic growth and that consumer prices will be lower by 5.7 per cent. The reduction in consumer prices will have the same effect as a tax cut to consumers without having any impact on the country's deficit.

The Globe and Mail wrote that "if the assumptions in this report are flawed, they are flawed on the conservative side." That is "conservative" with a small "c".

This new economic prosperity will bring with it great benefits to our real estate industry. CMHC predicts that free trade's economic benefits will translate into about 85,000 housing starts.

On the commercial side, with business booming, I anticipate that office towers, industrial parks and factories will soon be built.

This sort of projection should be of no surprise to us. Historically, Canada has benefitted tremendously as trade barriers have fallen. In the past ten years, our exports have increased ten times while the number of jobs has doubled and the national wealth has tripled.

This is the sort of trend we can hope to see accelerated with the trade agreement with the United States.

We are a country of traders.

It is estimated that 3 million Canadian jobs rely on trade. We export a third of all we produce and import about 30 per cent of all we consume. And, as most of us know, more than 75 per cent of our exports go to the United States.

Yet, we are the largest industrialized country without a secure market of 100 million people or more. The Europeans have their Common Market, but the Canadians have only their domestic markets. Without a large and secure market, Canadians can't always build the most efficient production facilities and therefore suffer a great competitive disadvantage.

The agreement with the United States will attract third country investment. European or Asian companies which want to establish production facilities to serve the North American market will have a new incentive to set them up in Canada.

Secure entry into the American markets will make us even more competitive--not just in North America but throughout the world.

Additional competitiveness will lower the cost of Canadian products abroad. And at home, Canadian products will cost less since they will be more efficiently produced and American products will be less costly since the elimination of tariffs is a de facto cost reduction.

In addition to the easily quantifiable benefits of free trade such as economic growth, a decline in unemployment, and increased consumer spending power, there are other, less tangible benefits.

For example, consumers will have a greater selection of goods from which to choose.

In addition, the quality of Canadian jobs will improve since we anticipate more and more technological improvement. Our workers will be freed from drudgery and able to work in a more creative and productive way.

In addition, the agreement will give Canada a special status with the United States under global trading rules. These rules require that countries must treat products from all countries equally. But, if substantially all trade between two countries flows freely, those two partners can declare themselves a free trade area, and grant each other preferential status.

This could give us a competitive advantage over all other exporters to the United States.

The economic prosperity which will inevitably follow a free trade agreement will allow us to continue, and perhaps expand upon the institutions and programs which are the essence of the Canadian way of life -- equalization payments to poorer provinces, subsidized health care and education, old age security and the Canada Pension Plan, unemployment insurance, the CBC, Canada Council and many others.

These programs are costly. They require continued economic growth.

The growth we need to continue these programs is better assured with secured access to the U.S. market.

This is why the Canadian way of life will be enhanced and not consumed by the free trade agreement with the United States.

#### Criticisms and Rebuttals

Despite all the benefits we expect from the agreement, there are still critics who say that the price is too high.

I'd like to examine their arguments -- not their rhetoric. Because, I am confident that when the Canadian public understands the facts and ignores the histrionics, it will agree with me that this agreement is an outstanding opportunity for the country.

The first argument is usually hurled by special interest groups. These groups represent people or industries which have been surviving for years through government support.



This means that Canadian consumers and taxpayers have been paying their payroll and providing them with their profits. Well, I understand their concern, but they have been benefiting at the expense of us all and it simply isn't fair that we should continue to support them.

We recognize that there may be some people displaced. We don't anticipate that the number of such people will be great nor do we think that it will be traumatic to find a new job--after all, 5 million Canadians find new jobs every year.

We must remember that the tariff reductions will be phased in slowly over a period of ten years. Adjustments will take place in a predictable fashion and at a manageable pace.

There are already many programs in place to help Canadians find jobs. The Canadian Jobs Strategy, whose 1986-87 budget was \$1.5 billion, provides extensive skills training and re-training assistance. The Industrial Adjustment Services helps both employers and workers in identifying job opportunities and matching them up.

Furthermore, it will be easier to find a job after the agreement becomes effective since we project hundreds of thousands of new jobs to be created.

A second criticism frequently made is that Canada's sovereignty will be compromised by a free trade agreement with the United States. But what does this mean?

Quite simply, sovereignty is power -- specifically the power of a politician to do what he or she wants. But this agreement can be undone with only six months' notice to the other party.

So if in the future, politicians decide that the agreement is not to their liking, they can withdraw from it. Why then do the critics argue that the agreement will limit Canadian sovereignty?

It can only be that this agreement is so obviously in the best interest of Canadians that a politician wouldn't dare, in the future, attempt to withdraw from it. This will certainly limit politicians whose interests are inconsistent with those of Canadians, so to that extent, I suppose I can agree with the critics.



A third concern was the fate of our social programs. Since the start of negotiations, the government has stated that our social programs were non-negotiable. Yet opponents have warned that free trade meant the end of medicare and other social programs. We listened to those concerns and ensured that these programs were left untouched.

And, as I said before, social programs need economic growth and that is what the agreement will provide.

The fourth criticism has to do with the energy provision. They claim that it is a sell-out. But what really have we agreed to?

Basically, we have agreed to reduce our energy exports on a proportional basis in times of shortage.

This agreement is promising to do much LESS than what the government promised to do in 1974, when the Liberals were in power. Then, the former government agreed to cut back Canadian consumption and INCREASE oil exports to the U.S., we have merely agreed to REDUCE exports on a proportional basis.

This is just one example of the Liberals' hypocrisy -- it is not an indication that they were wrong. We both recognize that it is in Canada's own self-interest to keep the U.S. economy from shutting down for lack of fuel.

A fifth complaint is that the dispute settlement mechanism is inadequate -- that we have gained little or nothing from its inclusion in the agreement.

This argument, I'm pleased to say, is misguided. The dispute settlement mechanism will do precisely what both sides need -- it creates a simple, relatively fast system to resolve disagreements. It provides us with a bipartisan panel which will determine whether domestic courts properly applied the legal standards in any given case.

We have therefore preserved our sovereign right to enact and interpret trade laws, as has the United States. However, if either side does change its trade laws so as to affect the other party in a way inconsistent with the spirit of GATT and free trade, the other party may adopt legislation which mimicks it or withdraw from the agreement.

We have agreed to treat each other fairly, within the laws of our countries. And, our trade laws do not differ tremendously from each other's. For example, we both have countervail and dumping laws and similar standards of review.

This mechanism will ensure that both sides act in accordance with the rules. Neither side will be able to poach in the other's market.

Some argue that we did not get the Americans to exempt us from their trade laws. Well, I don't think that this would have been in our interest.

In exchange for exempting us from their laws, we would have been required to exempt them from ours. While the dumping cases against Canadians receive a lot of publicity, the number of dumping actions brought against Americans is much larger.

We would have lost more by exempting Americans from our trade laws than we would have gained.

Another concern is that our cultural identity will somehow be compromised by the agreement.

Our cultural institutions continue to be protected under our agreement with the United States. The Canadian film, publishing recording and video industries have all been excluded from the terms of the agreement.

This means that we can continue to support our heritage, history and culture.

Now that I've explained the benefits and rebutted the critics of this free trade arrangement we have negotiated with the Americans, I'd like to speak just briefly on what I think could happen if the deal does not go through.

I might be accused of stating the obvious when I say that there is a substantial rise of protectionism in the United States Congress.

Both the House of Representatives and the Senate have passed sweeping legislation which would broaden the scope of their trade law. It could negatively impact our steel, telecommunications, and agricultural industries.

I don't know whether the bill will be vetoed by the President, nor whether the veto will be overridden in the Congress.

What I do know is this: the status quo is not an option.

Even if this wave of protectionism is contained and does not result in changes which impact us, there is no guarantee that, in the future, another wave of protectionism won't envelope us.

As I said at the start, our economy is doing very well -- however, we must understand that we have to work hard just to stay in place. We can not take for granted that we will continue to do as well as we have in the past. Times change and we must learn to adapt.

Psychologists tell us that many people are resistant to change --But change is healthy. It helps people to learn new things about themselves and the world. It helps companies to become more productive and more efficient. It helps countries to reallocate scarce resources more effectively.

Change is a good thing, but it is also scary. But I have confidence. Confidence in our people, our companies and our country. I know that we can compete when placed on an even playing field -- and that is, after all what we are agreeing to.

Diane Francis wrote in MacLean's not too long ago that "about the only thing Canadians have to fear, as a result of this deal, is the fearful themselves who may scuttle it." I think she is absolutely right.

We must all work together to make sure that the fearful understand that under this agreement we have so much to gain.

It is not a zero-sum game.

In this arrangement both sides are winners -- and as far as I'm concerned, Canada is the bigger winner.



# Remarks by the Honourable Stewart McInnes

# Discours de l'honorable Stewart McInnes

Minister Responsible  
for Canada Mortgage and  
Housing Corporation

ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

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JANUARY 18, 1988

SPEAKING NOTES FOR  
THE HONOURABLE STEWART MCINNES  
MINISTER RESPONSIBLE FOR  
CANADA MORTGAGE AND HOUSING CORPORATION

CANADIAN HOME BUILDERS' ASSOCIATION

CALGARY CONVENTION CENTRE



CMHC  SCHL



Canada Mortgage  
and Housing Corporation

Société canadienne  
d'hypothèques et de logement

NHA 5930





GOOD MORNING LADIES AND GENTLEMEN. THANK YOU.

I'M VERY PLEASED TO TAKE PART IN THE 45TH NATIONAL CONFERENCE AND EXPOSITION OF THE CANADIAN HOMEBUILDERS' ASSOCIATION.

THE LONG-STANDING TRADITION OF FEDERAL HOUSING MINISTERS ATTENDING THE CHBA ANNUAL CONFERENCE IS A GOOD ONE AND I WAS DELIGHTED TO RECEIVE THE INVITATION, AND I DIDN'T EVEN NEED TO USE THE MAP I WAS GIVEN AT LAST YEAR'S MEETING IN HALIFAX TO FIND MY WAY TO ALBERTA. IT WAS REALLY QUITE EASY - I JUST FOLLOWED THE OLYMPIC TORCH AND THE REST OF THE WORLD BEATING ITS WAY TO YOUR DOOR.

SINCE BECOMING MINISTER RESPONSIBLE FOR CANADA'S NATIONAL HOUSING AGENCY, I HAVE HAD THE VERY REAL BENEFIT OF WORKING WITH YOUR ASSOCIATION: WITH MY FELLOW HALIGONIAN BOB SHAW, THIS PAST YEAR WITH NORM GODFREY, AND I LOOK FORWARD TO MEETING REGULARLY WITH YOUR NEW PRESIDENT, GARY SANTINI AND THE REST OF THE EXECUTIVE. I'M SURE HE'LL KEEP ME UP-TO-DATE ON THE ISSUES.

WHEN I HAVE TIME, I READ YOUR PUBLICATION "HABITATION". IT CARRIES A PAGE, "MEMBER'S FORUM", AND IT'S A GOOD INSIGHT. I WAS VERY INTERESTED TO READ A COMMENT FROM TERRY MARTIN OF EDMONTON.

IF TERRY'S HERE, AND BASED ON HIS REMARKS, I EXPECT HE IS, I HOPE HE DOESN'T MIND IF I QUOTE HIM. HE WAS TALKING ABOUT THE IMPORTANCE OF CHBA TO HIM AND THE ASSOCIATION'S RELATIONSHIP WITH GOVERNMENT.

"I REMEMBER WHEN WE WERE A REACTIVE GROUP. THE GOVERNMENT WOULD DO SOMETHING AND WE WOULD REACT. NOW WE'RE PROACTIVE. THE GOVERNMENT CALLS US FIRST TO SAY THEY'RE PLANNING TO DO SOMETHING. SO WE'VE COME A LONG WAY IN CREDIBILITY FOR THE GOVERNMENT TO DO THAT."

TERRY, YOU'RE RIGHT.

CHBA IS A THOUGHTFUL, RESPONSIBLE AND FORWARD LOOKING GROUP AND YOUR OPINIONS AND VIEWS ARE TAKEN VERY SERIOUSLY BY THE GOVERNMENT OF CANADA.

FROM OUR PERSPECTIVE WE CAN DO NOTHING ELSE.

FOR TOO MANY YEARS THE FEDERAL GOVERNMENT OPERATED IN ISOLATION FROM THE BUSINESS COMMUNITY. THE CONSEQUENCES OF THAT NEGLECT FOR THE VARIOUS BUSINESS SECTORS, REGIONS, AND THE NATION, WERE UNACCEPTABLE.

FOR THE LAST THREE AND ONE-HALF YEARS THE GOVERNMENT HAS SOUGHT TO REVERSE THAT TREND: TO TURN MISTRUST AND ANTAGONISM INTO CONSULTATION AND CO-OPERATION.

I BELIEVE WE HAVE HAD MEASURABLE SUCCESS. FEDERAL/PROVINCIAL HOUSING MINISTERS AND OFFICIALS ARE MEETING REGULARLY AGAIN. FREQUENT ROUND TABLE DISCUSSIONS ARE HELD WITH REPRESENTATIVES OF THE RESIDENTIAL CONSTRUCTION INDUSTRY. WE'VE LISTENED TO YOUR VIEWS AND SOUGHT YOUR GUIDANCE.

I THINK WE CAN ANSWER THE QUESTION BEING POSED BY THIS AFTERNOON'S SESSION: "IS WHAT I HEARD, WHAT YOU SAID?" - COMMUNICATING EFFECTIVELY.

AFTER SEPTEMBER '84 WHEN THE GOVERNMENT LOOKED FOR ADVICE ON FUTURE POLICY DIRECTION IN ALL AREAS OF NATIONAL CONCERN, INCLUDING HOUSING, THE MESSAGE CAME BACK VERY CLEARLY, SOME MIGHT SAY BLUNTLY: "LEAVE BUSINESS TO BUSINESS PEOPLE AND GOVERNMENT SHOULD WORK TO CREATE A CLIMATE IN WHICH BUSINESS CAN FLOURISH."

THIS WAS NOT A STARTLING MESSAGE -- BUT IT WAS REMARKABLY UNIVERSAL.

LAST YEAR IN NORM GODFREY'S INAUGURAL ADDRESS HE RESTATED THE CASE VERY ELOQUENTLY.

"OUR INDUSTRY IS A MAJOR FORCE IN AGGREGATE, BUT WHEN WE LEAVE WE ARE ALL IN OUR OWN WAY A GROUP OF LITTLE BUSINESS PEOPLE. OURS ARE GENERALLY NOT LARGE CORPORATIONS, THEY ARE INDEPENDENT VENTURES, EACH EMPLOYING PEOPLE, RISKING CAPITAL, AND TRYING TO PROFIT FROM OUR WORK.

"WHEN WE HAVE GOTTEN BENCHED, IT HAS NOT ALWAYS BEEN DUE TO HOUSING POLICY AFFECTING US AS BUSINESS PEOPLE."

NORM, YOU WERE HEARD, AND THE TIME HAS COME FOR US TO DO A LITTLE MORE COMMUNICATING FROM OUR SIDE OF THE HOUSE. THE GOVERNMENT IS COMMITTED TO MORE FREQUENT AND BETTER COMMUNICATION.

THE ESSENTIAL INGREDIENT TO A VIGOROUS HOMEBUILDING INDUSTRY IS A STRONG AND STABLE ECONOMY AND THE GOVERNMENT HAS WORKED IN MANY AREAS TO REACH THIS CURRENT STATE.

THE STABILITY THAT HAS BEEN ACHIEVED IN INTEREST RATES, INFLATION AND ECONOMIC RECOVERY HAS MEANT A GOOD YEAR FOR THE COUNTRY AND, NATIONALLY, A TREMENDOUS YEAR FOR THE INDUSTRY.

THE DEFICIT HAS BEEN BROUGHT UNDER CONTROL, FALLING FROM A RECORD 38.3 BILLION DOLLARS IN THE 1984-85 FISCAL YEAR TO A PROJECTED 29.3 BILLION DOLLARS THIS YEAR. THIS WILL BE THE FIRST CONSECUTIVE THREE-YEAR DECLINE IN THE DEFICIT IN THREE DECADES.

DURING THE FOUR-YEAR PERIOD ENDING IN FISCAL 1984-85, GOVERNMENT SPENDING GREW BY AN AVERAGE OF 15 PER CENT PER YEAR. THIS HAS BEEN CUT TO AN AVERAGE OF 4 PER CENT.

THE INFLATION RATE HAS BEEN IN THE 4 PER CENT RANGE FOR THREE YEARS, THE MOST STABLE PRICE ENVIRONMENT SINCE 1971.

MORE THAN ONE MILLION JOBS HAVE BEEN CREATED SINCE SEPTEMBER 1984, AN AVERAGE OF 28,667 PER MONTH.

THE UNEMPLOYMENT RATE HAS FALLEN FROM 11.7 PER CENT IN SEPTEMBER 1984 TO 8.1 PER CENT IN DECEMBER 1987, THE LOWEST RATE OF UNEMPLOYMENT SINCE NOVEMBER 1981.

SINCE FALL OF '84 THE BANK OF CANADA RATE HAS FALLEN BY 3.63 PERCENTAGE POINTS TO 8.75 PER CENT, THE CHARTERED BANK PRIME RATE HAS FALLEN BY 3 1/4 PERCENTAGE POINTS TO 9 3/4 PER CENT. FOR A SMALL BUSINESS WITH AN INTEREST RATE BASED ON PRIME PLUS A FIXED NUMBER OF PERCENTAGE POINTS, THIS MEANS AN ANNUAL SAVING OF ALMOST 1,000 DOLLARS FOR EACH 31,000 DOLLARS OF DEBT.

THE RATE ON FIVE-YEAR MORTGAGES HAS FALLEN BY 2 3/4 PERCENTAGE POINTS TO 11 1/2 PER CENT, A SAVING OF 92 DOLLARS PER MONTH OR MORE THAN 1,100 DOLLARS A YEAR ON A 50,000 DOLLARS MORTGAGE.

AMONG THE GROUP OF SEVEN MAJOR INDUSTRIALIZED COUNTRIES, CANADA AGAIN SHOWED THE STRONGEST GROWTH, 3.9 PER CENT IN 1987.

AFTER ADJUSTING FOR INFLATION, AVERAGE FAMILY INCOME ROSE BY 1,635 DOLLARS IN REAL TERMS BETWEEN 1984 AND 1986.



SO, I'D SAY THE ECONOMY IS STRONG AND DESPITE DRAMATIC EVENTS IN THE FINANCIAL MARKETS OF THE WORLD, WE'RE HOLDING A STEADY COURSE.

IN THE HOUSING INDUSTRY THE BENEFITS ARE EASILY MEASURED.

LAST YEAR IN HALIFAX WE CELEBRATED 200,000 NEW HOME STARTS: THE BEST YEAR SINCE 1979. FOR 1987, WE'RE LOOKING AT A 10-YEAR HIGH OF MORE THAN 245,000.

ONTARIO AND QUEBEC TOOK THE LIONS' SHARE. BUT THE RECOVERY IN THE WEST, PARTICULARLY BRITISH COLUMBIA AND ALBERTA IS AN EXTREMELY ENCOURAGING SIGN. CMHC IS PREDICTING A RETURN TO NORMAL DEMAND OF ABOUT 200,000 FOR 1988 FOR THE COUNTRY AND 10,500 FOR ALBERTA. CALGARY IS AN EXCELLENT EXAMPLE OF THE TURNAROUND. THE ERA OF EMPTY APARTMENT TOWERS AND MORTGAGE FORECLOSURES IS OVER.

IN 1985 THERE WERE MORE FORECLOSURES THAN NEW HOME STARTS HERE. FOR '88 CMHC IS FORECASTING 3,800 STARTS, A VACANCY RATE OF 3.6, APPROXIMATELY HALF OF '85, AND THERE IS POTENTIAL FOR DEVELOPMENT OF THE ROW RENTAL MARKET WITHIN THE NEXT TWO YEARS.

FOR THE PROVINCE, AS A WHOLE, PREDICTIONS ARE FOR AN INCREASE IN STARTS FROM 10,300 IN '87 TO 10,500 THIS YEAR.

WE'VE CLIMBED OUT OF THE RECESSION AND ARE LOOKING TO NEW WAYS TO KEEP THE ECONOMY STRONG IN THE FUTURE. THE FREE TRADE AGREEMENT WITH THE UNITED STATES, WHEN FULLY IN PLACE, WILL HELP IN THIS EFFORT. THE IMPACT ON HOUSING CAN BE CONSIDERABLE.

SOME BENEFITS WILL NO DOUBT RESULT FROM COST REDUCTIONS IN MANY HOUSING COMPONENTS. INPUT COSTS MAY BE REDUCED.

BUT MORE IMPORTANT TO YOU WILL BE THE OVERALL INCREASE IN HOUSEHOLD WEALTH. THE ECONOMIC COUNCIL OF CANADA HAS ESTIMATED THAT HUNDREDS OF THOUSANDS OF JOBS WILL BE CREATED AND THE SPENDING POWER OF THE AVERAGE WORKER EARNING 23,000 DOLLARS IN 1986 DOLLARS WILL BE INCREASED BY BETWEEN 700 DOLLARS AND 1000 DOLLARS.

THAT EXTRA INCOME COULD WELL BE INVESTED IN HOUSING.



THE QUESTION FACING US NOW IS, "WHERE WILL THE HOUSING DOLLARS BE SPENT"?

WE KNOW POPULATION GROWTH HAS PEAKED AND DEMAND FOR NEW HOUSING WILL TAPER OFF SIGNIFICANTLY BY THE YEAR 2000, BUT SOMETHING NEW IS ALREADY FILLING THE VACUUM. IT'S RENOVATION NEVER HAS THERE BEEN MORE INVESTMENT IN RENOVATION.

OUR AWARENESS OF RENOVATION IS SUPPORTED BY THE STATISTICIANS. FOR ABOUT FIVE YEARS, EXPENDITURES ON RENOVATION HAVE EXCEEDED INVESTMENT IN NEW RESIDENTIAL CONSTRUCTION.

IN 1968, CANADIANS SPENT 876 MILLION DOLLARS ON MAJOR ALTERATIONS. IN 1986 THEY SPENT 10.8 BILLION DOLLARS. IN THE SAME PERIOD THE REPAIR AND MAINTENANCE BILL HAS JUMPED FROM 450 MILLION DOLLARS TO OVER 3 BILLION DOLLARS.

PEOPLE ARE NOW CHOOSING TO INVEST IN THEIR HOUSES TO RAISE THEIR QUALITY OF LIFE, AND THEY ARE CHOOSING TO DO IT BY RENOVATION. AT THE SAME TIME, COMMUNITIES ARE ALSO RESPONDING TO CHANGE -- CONVERTING NO-LONGER-NEEDED SCHOOLS AND FACTORIES INTO HOUSING OR PERMITTING, FOR BETTER OR FOR WORSE, THE GENTRIFICATION OF OLDER, INNER CITY NEIGHBOURHOODS.

THE RENOVATION INDUSTRY HAS NOT YET MET ITS FULL POTENTIAL.

TOO LITTLE HAS BEEN EXPLAINED ABOUT THE RATE OF RETURN OF VARIOUS KINDS OF IMPROVEMENT. THEREFORE HOMEOWNERS TEND TO SPEND ONLY WHAT THEY CAN PAY FOR IN CASH -- OR THINK THEY CAN PAY FOR IN CASH. EVERYBODY RENOVATES THEIR KITCHEN. BUT THEY ARE NOT BOLD INITIATORS OF LARGE PROJECTS, AND THEY TEND TO TAKE THEIR RENOVATIONS IN SMALL DOSES.

ABOUT 70 PER CENT OF THE HOUSING THAT CANADIANS WILL BE LIVING IN BY THE TURN-OF-THE-CENTURY IS ALREADY BUILT, THIS HOUSING, BUILT ACCORDING TO CONTEMPORARY CIRCUMSTANCES AND PREFERENCES, WILL REQUIRE A LOT OF REMODELLING AND RENOVATION TO ADAPT IT TO FUTURE NEEDS.

DESPITE THE OBVIOUS NEED FOR QUALIFIED WORKERS IN THIS AREA, A GREAT DEAL OF EDUCATION IS REQUIRED BOTH IN AND OUTSIDE THE INDUSTRY.

THERE ARE TOO MANY EXAMPLES OF CONSTRUCTION TAKING THREE TIMES LONGER THAN ANTICIPATED, COST OVERRUNS, AND TELEPHONE CALLS UNANSWERED WHEN IT COMES TO FINISHING DETAILS, AT LEAST IN THE CONSUMER'S MIND.

PEOPLE WHO RENOVATE OR REMODEL MAY PORE OVER MAGAZINES AND PEEK IN FRIENDS' HOUSES FOR YEARS BEFORE THEY DECIDE TO TAKE THE PLUNGE.

LONG BEFORE THE CONTRACTOR FIRST WALKS IN THEY'RE IMAGINING THE POTTED MUMS AND BRASS FIXTURES ARTFULLY DECORATING THEIR FINISHED, RENOVATED HOME. IT'S GREAT EXPECTATIONS TIME.

THE RENOVATOR ARRIVES IN THE EVENING AFTER A LONG DAY AT A NEW HOME SITE, DOESN'T WANT TO TURN THIS JOB DOWN, BUT IS FIGURING OUT HOW HE CAN FREE UP WORKMEN BETWEEN OTHER "BIG" JOBS TO TAKE THIS ONE ON.

AS SOON AS HE SEES THE DECORATING MAGAZINE HE KNOWS THESE FOLKS HAVE CHAMPAGNE TASTES AND PROBABLY A BEER BUDGET. HE'S SET UP FOR A CLASSIC EXAMPLE OF "IS WHAT I HEARD WHAT YOU SAID"?

A GREAT DEAL OF SKILL IS REQUIRED HERE, YOU, THE BUILDER/RENOVATOR, HAVE TO MAKE A LIVING AND MAINTAIN YOUR REPUTATION. AND THE CUSTOMER SHOULD KNOW WHAT HE OR SHE IS GETTING, HOW MUCH IT WILL COST, AND WHEN HIS HOME LIFE CAN RETURN TO NORMAL.

THIS ISN'T JUST A CONSTRUCTION PROPOSAL -- IT'S A BUSINESS PROBLEM.

I REALIZE THIS IS A CARICATURE OF A RENOVATOR. IT DOESN'T REFLECT THE OUTSTANDING WORK OF SUCH PEOPLE AS TOM COCHREN AND OTHERS OF YOUR MEMBERSHIP. BUT FOR TOO MANY CONSUMERS IT'S AN ACCURATE PICTURE. I WANT TO COMMEND CHRA, PARTICULARLY THE RENOVATORS' COUNCIL, FOR YOUR WORK IN ENCOURAGING IMPROVEMENTS IN THE OVERALL QUALITY OF THE RENOVATION PART OF YOUR INDUSTRY.

THE PROBLEM I MENTIONED EARLIER IS FACED NOT ONLY BY THE CONTRACTOR AND CONSUMER, BUT ALSO BY THE INDUSTRY AND GOVERNMENTS. GOVERNMENTS DO NOT WANT TO LEGISLATE PROFESSIONALISM BUT ANGRY CONSUMERS WILL DEMAND IT. IN SOME PLACES THEY ALREADY ARE. I WOULD RATHER COMBINE THE FORCES OF GOVERNMENT AND INDUSTRY TO FIND SOLUTIONS RATHER THAN WRITE REGULATIONS.

GOVERNMENTS, THEIR AGENCIES, AND OTHER PUBLICLY-FUNDED INSTITUTIONS CAN WORK TOGETHER.

THE CMHC/CHBA RENOVATION SEMINAR PROGRAM I ANNOUNCED LAST YEAR IS AN EXCELLENT EXAMPLE OF WHAT A CONSULTATIVE/COOPERATIVE EFFORT CAN ACHIEVE. IT'S BASED ON THE HIGHLY SUCCESSFUL BUILDERS' WORKSHOP MODEL. FIFTY THREE BUILDERS' WORKSHOPS, INVOLVING 1100 PARTICIPANTS WERE HELD LAST YEAR; WE ARE NOW UP TO 100 FOR THIS YEAR.

PILOT RENOVATION SEMINARS ON COST ESTIMATING, INSPECTIONS AND CLIENT RELATIONS ARE SCHEDULED FOR VANCOUVER, CALGARY, LONDON, TORONTO, MONTREAL, MONCTON AND HALIFAX IN MARCH, AFTER THESE ARE FINE TUNED, 20 OR 25 MORE WILL BE HELD ACROSS THE COUNTRY. ADDITIONAL TOPICS WILL BE DEVELOPED BASED ON WHAT WE LEARN. IT IS MY SINCERE HOPE THESE PROGRAMS WILL REDUCE THE NUMBER OF BANKRUPTCIES IN THE BUSINESS, IMPROVE THE QUALITY OF THE WORK THE CUSTOMER RECEIVES AND GRADUALLY IMPROVE THE REPUTATION OF THE INDUSTRY.

MORE DETAILED INFORMATION IS AVAILABLE AT CMHC'S EXHIBIT AND JOHN MANSFIELD'S RENOVATION BUSINESS SESSION TOMORROW SHOULD BE INTERESTING.

AT THE CMHC EXHIBIT YOU CAN FIND OUT MORE ABOUT A NEW AWARD PROGRAM BEING ESTABLISHED BY CMHC. IT'S THE JOB-SITE INNOVATOR.

THIS ISN'T INTENDED FOR THE BASEMENT INVENTOR OR TINKERER. IT'S RECOGNITION FOR THOSE WORKING ON THE SITE, ON A DAY-TO-DAY BASIS, WHO CREATIVELY DISCOVER OR DEVELOP TRICKS OF THE TRADE THAT MAKE THEIR JOB EASIER, MORE ECONOMICAL, OR EFFECTIVE.

AFTER PROVINCIAL AND NATIONAL PLAYDOWNS WE'LL BE RECOGNIZING THE "INNOVATOR OF THE YEAR".

YOU DON'T NEED A WHITE LAB COAT TO DO A BETTER JOB OR MAKE HOUSING MORE AFFORDABLE. IT'S A QUESTION OF IDENTIFYING THE INDIVIDUAL, HIS METHOD, AND GETTING THE INFORMATION OUT TO OTHERS IN THE BUSINESS WHO COULD USE IT.



I'M NOT SUGGESTING THERE'S NO CONTINUING NEED FOR NEW TECHNOLOGY. IT'S VERY IMPORTANT. TECHNOLOGICAL ADVANCES AND THEIR APPLICATION BY BUILDERS HAVE MADE CANADIANS AMONG THE BEST HOUSED PEOPLE IN THE WORLD.

THAT'S WHY I'VE SUPPORTED A BUDGET INCREASE TO 200,000 DOLLARS THIS YEAR FOR THE HOUSING TECHNOLOGY INCENTIVES PROGRAM. IT WILL PROVIDE EXTRA ASSISTANCE TO DEVELOP NEW PRODUCTS OR METHODS TO IMPROVE EFFICIENCY, AFFORDABILITY, COMFORT, SAFETY OR HEALTH IN THE CONSTRUCTION OR REHABILITATION OF CANADIAN HOUSING.

ANOTHER CO-OPERATIVE EFFORT AIMED AT SPEEDING UP THE INTRODUCTION OF NEW TECHNOLOGIES IS BEING CARRIED OUT IN CO-OPERATION WITH CHBA AND THE ALBERTA DEPARTMENT OF MUNICIPAL AFFAIRS.

THESE PARTNERSHIPS -- GOVERNMENT TO GOVERNMENT --, -- GOVERNMENT TO INDUSTRY --, MUST BE ACTIVELY ENCOURAGED. GEORGE ANDERSON, PRESIDENT OF CMHC, HAS SHOWN TRUE LEADERSHIP IN THIS AREA AND HE HAS MY FULL SUPPORT BECAUSE JOINT EFFORTS ARE ESSENTIAL IF WE ARE TO MEET THE CHALLENGES OF THE FUTURE.

THE CURRENT CONSULTATION PROCESS INITIATED BY CMHC ON HOW THE PRIVATE AND PUBLIC SECTORS CAN PARTICIPATE IN THE RENOVATION/REHABILITATION FIELD IS A GOOD EXAMPLE.

REDUCING AND STREAMLINING REGULATORY PROCESSES THAT TIE UP DEVELOPMENT CONSTRUCTION, AND ADD TO HOUSE PRICES IS BEING GIVEN A REAL PUSH.

FEDERAL AND PROVINCIAL HOUSING MINISTERS AGREED IN 1985 TO GO WITH THIS PROJECT. CMHC, THE FEDERATION OF CANADIAN MUNICIPALITIES, THE CANADIAN ASSOCIATION OF HOUSING AND RENEWAL OFFICIALS AND CHBA HAVE COMPLETED STAGE ONE ON THE RESEARCH.

IT'S TIME NOW TO GET DOWN TO SOME PRACTICAL APPLICATIONS. NORM GODFREY SAID IT LAST YEAR, YOU HAVE ECHOED IT IN YOUR MAGAZINE AND LETTERS. NO ONE IS AGAINST REGULATIONS THAT SUPPORT SAFETY, HEALTH, OR HOUSING AND COMMUNITY QUALITY, BUT LET'S MAKE SURE THE SYSTEM'S EFFICIENT AND STILL MEETS THOSE CRITERIA.

THIS YEAR, THE MAIN THRUST OF THE INITIATIVE WILL BE DEMONSTRATION PROJECTS DESIGNED TO SHOW THE VERY REAL BENEFITS OF REGULATORY REFORM. WE KNOW MANY PROVINCES ARE SUPPORTIVE OF THIS APPROACH. IN ADDITION, WE WILL BE ACTIVELY DEVELOPING WAYS AND MEANS OF MAKING THE APPROVAL PROCESS MORE EFFICIENT.

BUILDING CODES AND MATERIALS AND EQUIPMENT EVALUATION ARE ALREADY UNDERGOING MAJOR REVIEW AT THE NATIONAL LEVEL. A HOUSING QUALITY TASK FORCE WILL BE GOING OUT TO CONSULT ON HOW CMHC SHOULD OPERATE IN HOUSING DESIGN AND CONSTRUCTION STANDARDS; WHERE IT CAN WORK WITH OTHER LEVELS OF GOVERNMENT TO SUPPORT QUALITY IN NEW HOME CONSTRUCTION; AND PROTECT SOCIETIES' INVESTMENT IN BOTH THE PUBLIC AND PRIVATE HOUSING STOCK.

EQUALLY IMPORTANT TO MANUFACTURERS, BUILDERS, REGULATORY AGENCIES, AND CONSUMERS IS OUR JOINT EFFORT TO CREATE A SINGLE, CANADIAN MATERIALS EVALUATION SERVICE FOR THE INDUSTRY.

WITH OUR FRAGMENTED SYSTEM WE ARE STIFLING INNOVATION, RETARDING OUR EFFORTS TO BREAK DOWN BARRIERS WITHIN THE COUNTRY, AND WITH OUR TRADING PARTNERS, AND PROBABLY ADDING TO THE COST OF HOUSING.

IMMEDIATELY ON MY RETURN TO OTTAWA I'LL ENGAGE MY CABINET COLLEAGUES ON THE FINAL DETAILS OF ESTABLISHING THIS IMPORTANT SERVICE. I AM LOOKING FOR A DECISION ON THIS ISSUE VERY SOON.

BY WORKING TOGETHER, AND COMMUNICATING EFFECTIVELY, WE HAVE MADE EXCELLENT STRIDES THIS PAST YEAR.

SOME SUCCESSES ARE BETTER KNOWN THAN OTHERS.

MORTGAGE-BACKED SECURITIES, THE PRODUCT OF GOVERNMENT-INDUSTRY PARTNERSHIP, HAVE BEEN AN OUTSTANDING SUCCESS. THEY ARE BRINGING STABILITY TO THE MORTGAGE MARKET; LONGER-TERM MORTGAGES -- 10-YEAR TERMS ARE BACK --; AND HAVE PROVIDED 457 MILLION DOLLARS FOR RESIDENTIAL FINANCING THIS YEAR.

FROM A GOVERNMENT PERSPECTIVE, AND OUR CONCERNS FOR THOSE WHO CANNOT ACCESS THE HOUSING YOU BUILD FOR THE PRIVATE MARKET, THE 65 MILLION DOLLARS IN MORTGAGE-BACKED SECURITIES FOR SOCIAL HOUSING IN B.C. IS JUST A BEGINNING, I HOPE.



IT MAY BE POSSIBLE TO SAVE MILLIONS OF TAX DOLLARS ANNUALLY ON FEDERAL AND FEDERAL/PROVINCIAL SOCIAL HOUSING PROGRAMS THROUGH THIS PRIVATE INVESTMENT.

JOINT EFFORTS ALSO BROUGHT US MORE COMPETITIVE AND EFFECTIVE MORTGAGE INSURANCE. IT'S STILL UNIVERSALLY AVAILABLE AND THE FEES AND PREMIUMS ARE FAR BETTER TAILORED TO THE INDUSTRY'S NEEDS. AND A NUMBER OF CHANGES WERE MADE TO MAKE FINANCING EASIER FOR BUILDERS.

WE REDUCED PREMIUMS ON COMPLETION LOANS. PREMIUMS CAN NOW BE PAID AS MORTGAGE MONEY IS ADVANCED, RATHER THAN UP FRONT. UNDERWRITING FEES WERE CUT AND WE CAN NOW OFFER MUCH MORE FLEXIBILITY IN LARGER PROJECTS.

A QUICK LOOK AT THE CALGARY AREA TELLS THE STORY. LAST YEAR NEARLY 1 OF EVERY 2 MLS SALES IN THE CITY WAS NHA INSURED, AND THE LEVEL OF NEW HOMEOWNERSHIP UNITS IS THE HIGHEST IN 5 YEARS. MORE THAN 80 DIFFERENT BUILDERS, RANGING FROM ONE-MAN OPERATIONS TO LARGE-SCALE TRACT BUILDERS, HAVE LOOKED TO CMHC. THEY ARE VERY SATISFIED WITH THE CHANGES TO THE PROGRAM, THE INSPECTIONS, APPRAISALS, AND TURNAROUND TIME. IT CAN MEET YOUR NEEDS.

THESE GOVERNMENT-SPONSORED POLICIES AND PROGRAMS HAVE BEEN DESIGNED TO HELP THE INDUSTRY WITHOUT TELLING IT HOW TO RUN ITS BUSINESS. YOU'RE THE BEST JUDGE OF THAT.

YET AS WE LISTEN, WE MUST ALSO SHOW LEADERSHIP. GOVERNMENTS CAN'T OPERATE SEASONALLY. THE HORIZON IS MUCH FARTHER AND A VERY LIMITED AMOUNT OF BAND-AID SOLUTION IS ACCEPTABLE.

ONE AREA I IDENTIFIED LAST YEAR WAS HOW WE MUST BE WORKING MUCH HARDER TO DEAL WITH THE NEXT CENTURY. IF WE DON'T WORK TOGETHER TO PREPARE FOR THE DAY WHEN ONE IN FOUR OF ALL CANADIANS IS WHAT WE NOW CALL A SENIOR CITIZEN, WE WON'T HAVE A DEMOGRAPHIC BULGE WE'LL HAVE A "SOCIAL REVOLUTION".

AND HOUSING DESIGN WON'T BE NEARLY ENOUGH. THAT'S WHY I'VE ANNOUNCED A MAJOR NATIONAL CONFERENCE FOR NEXT OCTOBER TO PROVIDE A FORUM FOR DISCUSSION ON HOUSING CANADA'S ELDERLY.

WE NEED TO TALK ABOUT HOW THE PRIVATE AND PUBLIC SECTORS CAN WORK TOGETHER; HOW THE HOUSING WILL BE FINANCED; HOW REGULATIONS CAN BE DEVELOPED TO ASSIST AND NOT HINDER INNOVATION; AND HOW APPROPRIATE LEVELS OF CARE CAN BE PROVIDED WITHIN THE COMMUNITIES.

IT WILL BE AN IMPORTANT PROCESS AND I KNOW I CAN COUNT ON YOUR SUPPORT. AS AN INCENTIVE, AND AS WE STRIVE FOR EXCELLENCE, I AM DELIGHTED TO TELL YOU THAT A NEW HOUSING AWARDS PROGRAM IS BEING ESTABLISHED BY CMHC THIS YEAR TO PUBLICLY RECOGNIZE EXCELLENCE IN THOSE WHO BRING ADEQUATE AND AFFORDABLE HOUSING TO ORDINARY CANADIANS, REGARDLESS OF WHERE THEY LIVE.

THE AWARD, WHICH WILL BE GIVEN EVERY 2 YEARS, IS NOT RESTRICTED TO DESIGN, BUT MAY BE AWARDED FOR INNOVATION IN ANY ASPECT OF HOUSING, SUCH AS CONSTRUCTION, PLANNING, FINANCING, OR MANAGEMENT. IT WILL BE BASED ON DIFFERENT THEMES AND THE PRESENTATION WILL BE MADE AT THE END OF A SYMPOSIUM ON THAT PARTICULAR THEME.

THE FIRST AWARD WILL BE FOR HOUSING THE ELDERLY AND WILL BE PRESENTED IN OCTOBER, IN HALIFAX, AT THE CONCLUSION OF THE HOUSING CHOICES FOR THE ELDERLY CONFERENCE. I LOOK FORWARD TO YOUR GUIDANCE AS WE DEVELOP THIS PROGRAM IN THE COMING WEEKS.

IT IS VERY DIFFICULT TO SUMMARIZE ALL THE WORK THAT HAS BEEN DONE THIS PAST YEAR IN JUST THESE FEW MINUTES. BUT IT'S FAIR TO SAY WE'VE LISTENED, AND I BELIEVE WE'VE HEARD WHAT YOU SAID. WE MUST CONTINUE THIS IMPORTANT DIALOGUE BETWEEN OURSELVES AND ALL CANADIANS. WE'VE PROVED THAT THE WHOLE CAN BE GREATER THAN THE SUM OF THE PARTS, AND, FROM TIME TO TIME, WE CAN FIND THAT INTANGIBLE THING CALLED EXCELLENCE.

THANK YOU



# Remarks by the Honourable Alan Redway

Minister of State (Housing)

# Discours de l'honorable Alan Redway

ministre d'état (Habitation)

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SPEAKING NOTES  
FOR  
THE HONOURABLE ALAN REDWAY, M.P., P.C.  
MINISTER OF STATE (HOUSING)  
TO  
CANADIAN HOME BUILDERS' ASSOCIATION  
46TH NATIONAL CONFERENCE/EXPOSITION

6 FEBRUARY 1989  
HAMILTON, ONTARIO

Canada Mortgage  
and Housing  
Corporation



Société canadienne  
d'hypothèques et  
de logement

NHA 5930





YOUR THEME, "SHARE THE EXPERIENCE", CAPTURES WHAT THIS CONFERENCE IS ALL ABOUT: AN OPPORTUNITY TO RENEW FRIENDSHIPS; A PLACE TO LEARN; A FORUM TO PINPOINT COMMON PROBLEMS; AND A WAY TO SHARE THE WORK OF FINDING SOLUTIONS.

THE RESIDENTIAL CONSTRUCTION BUSINESS HAS BECOME EXTREMELY COMPLEX AND THOSE WHO SUCCEED ARE THOSE BEST ABLE TO ANTICIPATE CHANGING TRENDS IN THE INDUSTRY.

YOU CAN ONLY DO THIS BY BEING AWARE OF ALL THE INFLUENCES THAT AFFECT YOU.

LOOKING AT YOUR PROGRAM, WITH ITS SESSIONS ON RESEARCH, NEW PRODUCTS, MANAGEMENT TECHNIQUES, MOTIVATION SKILLS AND HUMOUR, IT'S OBVIOUS HOW SOPHISTICATED AND INTERCONNECTED THE WHOLE BUSINESS IS.

I AM PLEASED TO BE PART OF YOUR PROGRAM TODAY AND TO MEET WITH YOU FOR THE FIRST TIME BECAUSE OF THE KEY ROLE YOU PLAY IN PROVIDING HOUSING FOR CANADIANS. AND WHILE WE TEND TO THINK OF HOUSING IN TERMS OF BEING A NECESSITY OF LIFE -- AND THAT'S TRUE -- IT IS MUCH MORE THAN THAT. ALONG WITH EQUALITY OF OPPORTUNITY, HOME OWNERSHIP IS A MAJOR PART OF THE CANADIAN DREAM.

WHEN BILL MCKNIGHT WAS MINISTER RESPONSIBLE FOR CMHC, HE INSTITUTED A PUBLIC CONSULTATION PROCESS. YOU WERE PART OF THAT PROCESS -- FROM YOUR LOCAL ASSOCIATIONS TO YOUR NATIONAL BODY WITH ITS RANGE OF COUNCILS AND COMMITTEES. AND IT WAS THROUGH THOSE BODIES THAT YOU BROUGHT A UNITED VOICE FOR YOUR INDUSTRY TO THOSE PUBLIC CONSULTATIONS.

AS A RESULT OF THOSE CONSULTATIONS OUR GOVERNMENT MADE TWO MAJOR DECISIONS. THE FIRST WAS TO DIRECT ALL FEDERAL HOUSING FUNDS TO THOSE IN THE MOST NEED. THE SECOND WAS TO LET YOU DO YOUR OWN THING WITHOUT GOVERNMENT INTERFERENCE AND TO ATTEMPT TO PROVIDE AN ECONOMIC CLIMATE IN WHICH YOUR INDUSTRY AND THE PRIVATE MARKET COULD FUNCTION AS EFFECTIVELY AS POSSIBLE.

AND THAT IS WHAT WE HAVE DONE.

FOR 5 STRAIGHT YEARS THE ECONOMY HAS GROWN. INTEREST RATES HAVE BEEN REASONABLE AND FINANCING FOR HOMES READILY AVAILABLE.

INFLATION HAS BEEN HELD TO 4 PER CENT - THE MOST STABLE PRICE ENVIRONMENT IN 18 YEARS! AND WITH THE MORE THAN A MILLION NEW JOBS THAT HAVE BEEN CREATED CANADIANS HAVE MORE MONEY IN THEIR POCKETS AND ENOUGH SECURITY THAT THEY CAN MAKE LONG-TERM DECISIONS LIKE BUYING A HOME.

PERHAPS BEST OF ALL - FOR YOU - IS THAT PEOPLE ARE BUYING HOMES.

NATIONALLY, LAST YEAR, HOUSING STARTS WERE AT 22,000. THAT WAS DOWN FROM THE NEARLY 246,000 IN 1987, BUT ABOVE MOST FORECASTERS' PREDICTIONS AND WELL ABOVE THE 171,000 AVERAGE FOR THE LAST 10 YEARS.

AND, THAT'S ONLY PART OF THE PICTURE, BECAUSE RENOVATION EXPENDITURES ARE KEEPING PACE AT AROUND \$16 BILLION A YEAR.

ONE MAJOR CONCERN DURING THE PUBLIC CONSULTATIONS WAS TO ENSURE THAT THE MOST DISADVANTAGED IN OUR SOCIETY RECEIVE THE HELP THEY NEED.

EARLIER HOUSING PROGRAMS DID NOT DO THAT. THE POOR STOOD BY AND WATCHED IN WONDER AS MIDDLE CLASS FAMILIES MOVED INTO BRAND NEW, GOVERNMENT-ASSISTED HOUSING. WE DETERMINED THIS WAS NOT WHAT CANADIANS WANTED DONE WITH THEIR TAX DOLLARS. SO THIS GOVERNMENT IS NOW DIRECTING ALL SOCIAL HOUSING FUNDS TO THOSE IN REAL NEED.

IN 1988 ABOUT 20,000 NEW HOUSING UNITS WERE BUILT FOR LOW-INCOME SENIORS, FAMILIES, SINGLE-PARENT FAMILIES, THE HANDICAPPED AND OTHERS WHO NEEDED OUR HELP. IN ADDITION TO THAT, ABOUT 30,000 MORE HOMES WERE REPAIRED WITH FEDERAL GOVERNMENT ASSISTANCE.

THE ROLE OF THE FEDERAL HOUSING MINISTRY, AS I SEE IT, IS TO SEEK OPINIONS, HOPEFULLY DEVELOP CONSENSUS, SET POLICIES AND TAKE ACTION. WE CAN SET THE STANDARD AND BE A HELPER. I, LIKE MY PREDECESSORS - BILL MCKNIGHT, STEWART MCINNES, AND JOHN MCDERMID -- LOOK FORWARD TO WORKING WITH YOU IN A SPIRIT OF COOPERATION.

CANADA MORTGAGE AND HOUSING CORPORATION, SO WELL-KNOWN 10 OR 15 YEARS AGO FOR ITS TREMENDOUS WORK IN ALL ASPECTS OF HOUSING, IS NOW IN THE PROCESS OF BEING RESTORED TO A POSITION OF PROMINENCE.

THEY HAVE A STRONG MANAGEMENT TEAM AND THE TOOLS TO REBUILD NATIONAL EXPERTISE IN HOUSING.

THROUGH CMHC, WE ONCE AGAIN ARE WORKING WITH ALL HOUSING-RELATED ASSOCIATIONS AND INTEREST GROUPS TO CREATE BETTER WAYS OF HELPING HOUSE CANADIANS.

ONE OF THE FIRST MAJOR ACTIVITIES HAS BEEN IN FINANCING HOUSING.

WE WANTED YOUR OPINIONS ABOUT HOW CMHC COULD KEEP MORTGAGE INSURANCE A VITAL PART OF HOME FINANCING. IT HAD A LONG AND PROUD HISTORY OF HELPING CANADIANS BECOME HOMEOWNERS BUT THE PERCEPTION WAS THAT IT HAD BECOME STALE - TOO BUREAUCRATIC FOR THE 1980s.

THERE WAS TOO MUCH PAPER AND TOO LITTLE HUSTLE. SO WE SET ABOUT TO CHANGE CMHC'S FOCUS. WE DIDN'T FORGET ITS MOST IMPORTANT RESPONSIBILITY OF SERVING CANADIANS WHEREVER THEY LIVE, BUT IT DID GET ITS HOUSE IN ORDER TO BE MORE BUSINESSLIKE AND SERVICE ORIENTED.

FEES AND PREMIUMS WERE SET TO REFLECT THE RISK INVOLVED AND A CONCERTED EFFORT WAS BEGUN TO MAKE CONSUMERS AWARE THAT MORTGAGE INSURANCE, NO MATTER WHO UNDERWRITES IT, CAN HELP THEM BECOME HOMEOWNERS.

SO FAR, THE EMPHASIS HAS BEEN ON THE RESALE MARKET BUT THE NEEDS OF THE NEW HOME BUILDERS WILL RECEIVE INCREASED ATTENTION THIS YEAR. WE'LL BE LOOKING AT WAYS TO HELP YOU MORE BY STREAMLINING MANY OF THE PROCEDURES YOU'VE TOLD CMHC CAN CAUSE DELAYS AND AGGRAVATION.

WE WILL ENDEAVOUR TO ENSURE THAT THE CUSTOMER-FIRST ATTITUDE THAT HAS BEEN IMPRINTED ON CMHC WILL CONTINUE AS ITS HALLMARK. I PERSONALLY APPLAUD THIS ENTREPRENEURIAL SPIRIT AND CAN ONLY ECHO THE SENTIMENTS OF THE AUDITOR GENERAL, NOT AN EASY PERSON TO IMPRESS, WHEN HE RECOGNIZED CMHC AS A STAR PERFORMER IN CLIENT RELATIONS.



CHBA'S WILLINGNESS TO HELP WAS OBVIOUS WHEN MORTGAGE-BACKED SECURITIES WERE INTRODUCED. BECAUSE WE WANTED THE BEST POSSIBLE PRODUCT, IT WAS DEVELOPED WITH INTENSIVE CONSULTATIONS INCLUDING EVERY SECTOR. IT HAS PAID OFF.

THEY ARE A VERY POPULAR AND SECURE INVESTMENT AND HAVE ENCOURAGED NEARLY ONE AND A HALF BILLION DOLLARS INTO THE MORTGAGE MARKET IN JUST OVER TWO YEARS. THEY ARE ALSO MEETING THE NEEDS FOR LONGER-TERM MORTGAGES.

THIS IS JUST THE FIRST OF WHAT COULD BE MANY MORE INSTRUMENTS USED FOR HOUSING FINANCE. THAT RESEARCH IS ALREADY UNDERWAY.

SO OFTEN WE THINK OF RESEARCH AS THE FUTURE, BUT WHAT HAS BECOME COMMONPLACE TODAY, IS USUALLY THE FRUIT OF EARLIER WORK.

IT'S EASY TO FORGET THAT THROUGH NATIONAL RESEARCH WE'VE MANAGED TO PROVIDE PRACTICAL SOLUTIONS TO SOME VERY IMPORTANT BUILDING PROBLEMS. RESEARCH HAS ALLOWED US TO OVERCOME MANY DIFFICULTIES WITH TRUSS UPLIFTS, THE DETERIORATION OF POLYETHYLENE FILM AND CRUMBLING PARKING GARAGES.

INDOOR AIR QUALITY IS A GROWING CONCERN WITH MODERN CONSTRUCTION. WE'RE LOOKING AT HOW AIR MOVES IN A HOME. CHIMNEY AND FURNACE DESIGNS MAY CHANGE SO WE CAN ENSURE ATTRACTIVE AND HEALTHY HOMES.

C.H.B.A. HAS CONTINUED TO PLAY AN IMPORTANT ROLE ON THE NATIONAL RESEARCH COMMITTEE. AND WE WILL WORK IN A CO-OPERATIVE WAY.



THE "HOUSING OPTIONS FOR OLDER CANADIANS" CONFERENCE SPONSORED BY CMHC LAST YEAR WAS EVIDENCE THAT ALL LEVELS OF GOVERNMENT, SOCIAL AGENCIES, BUSINESS AND INDIVIDUALS CAN SET ASIDE BIASES AND TERRITORIAL BARRIERS TO WORK TOGETHER.

THE "MADE-TO-CONVERT" HOUSE CMHC AND THE HAMILTON HOMEBUILDERS HAVE ON DISPLAY HERE IS ONE INNOVATIVE IDEA THAT RESPONDS TO SHIFTING MARKETS AND THE SPECIAL NEEDS OF FIRST-TIME HOMEBUYERS, ELDERLY PEOPLE, SINGLE-PARENT FAMILIES, OR THE TRADITIONAL FAMILY AS ITS REQUIREMENTS CHANGE OVER THE YEARS.

IN ALL WE DO TOGETHER, WE MUST CONTINUE TO STRIVE FOR EXCELLENCE. BUT EXCELLENCE DOESN'T HAVE TO MEAN LUXURIOUS OR COSTLY. IT CAN MEAN INNOVATIVE, CLEVER. OUR GOAL -- YOURS AND MINE -- IS TO ENCOURAGE WIDESPREAD ACCESS TO AFFORDABLE AND ADEQUATE HOUSING TO FACILITATE THE CANADIAN DREAM.

THE JOB-SITE INNOVATOR AWARD IS A GOOD EXAMPLE. IT'S A TRICK OF THE TRADE. HOW CAN YOU DO AN EVERYDAY THING BETTER?

THIS AWARD IS NOT INTENDED FOR PEOPLE WHO WORK IN RESEARCH LABS. IT'S RECOGNITION OF THE INDIVIDUAL WHO HAS GOOD IDEAS - THE PERSON WHOSE LIGHT BULB GOES ON RESULTING IN A BETTER WAY OF DOING THINGS.

THIS RECOGNITION IS VERY IMPORTANT.

SO IS THE CMHC AWARDS PROGRAM INTRODUCED AT THE SENIORS' CONFERENCE. WE WILL RECOGNIZE AND AWARD AREAS OF EXCELLENCE THAT CAN BRING BENEFITS TO ALL CANADIANS.

WE'RE STILL LOOKING FOR BETTER WAYS TO PLAN FOR THE FUTURE.

AT THIS VERY MOMENT TWO TOPICS OF GREAT IMPORTANCE TO THE FUTURE OF THE INDUSTRY ARE UNDERGOING SCRUTINY - RENOVATION AND HOUSING QUALITY.

THE RENOVATION MARKET HAS GROWN BY LEAPS AND BOUNDS IN THE LAST 10 TO 15 YEARS, BOTH AMONG THE DO-IT-YOURSELFERS AND PROFESSIONALS.

THIS LONG-OVERLOOKED CHILD OF THE INDUSTRY IS FINALLY RECEIVING THE ATTENTION IT DESERVES.

CMHC HAS UNDERTAKEN A VERY COMPREHENSIVE CONSULTATION PROCESS ON RENOVATION. I UNDERSTAND THEY HAVE HAD NEARLY 80 BRIEFS AND COMMENTARIES IN THE TWO ROUNDS OF DISCUSSION. THE RECOMMENDATIONS OF C.H.B.A. FOR TRAINING, CONSUMER EDUCATION, IMPROVED TECHNOLOGY TRANSFER AND CONTINUING RESEARCH ARE RECEIVING A THOROUGH REVIEW.

C.H.B.A.'S SUPPORT OF RENOVATION ON THE NATIONAL RESEARCH COMMITTEE, THE RENOVATORS' COUNCIL, THE JOINT DEVELOPMENT OF THE CMHC/C.H.B.A. RENOVATION CONTRACTORS' SEMINARS AND THE RENOVATORS' DAY AT YOUR CONFERENCE TELL ME THAT THE WORLD-CLASS STANDARDS CANADIANS HAVE COME TO EXPECT IN NEW HOME CONSTRUCTION CAN BE ACHIEVED IN HOME IMPROVEMENT AND REHABILITATION WORK.

OVER THE YEARS QUALITY HOUSING HAS BEEN CREATED IN THIS COUNTRY THROUGH A MIX OF SKILLED BUILDERS, A COMPETITIVE MARKET, AND GOVERNMENT-ESTABLISHED STANDARDS. BUT WE KNOW DISPARITIES EXIST. THERE ARE DIFFERENCES BETWEEN RURAL AND CITY HOMES - BETWEEN NEW CONSTRUCTION AND RENOVATION. QUALITY - AS IT IS EXPRESSED THROUGH THE "BELLS AND WHISTLES" IN MANY NEW HOMES - IS ALMOST CERTAINLY A BARRIER TO HOMEOWNERSHIP FOR MANY FIRST-TIME BUYERS.

IN THE LAST FEW WEEKS CMHC HAS SENT OUT A DISCUSSION PAPER TO GROUPS AND INDIVIDUALS WHO HAVE A STAKE IN THIS IMPORTANT ISSUE. I WANT TO HEAR YOUR OPINIONS.

I THINK IT'S FAIR TO SAY THAT WHEN THE PRIME MINISTER MADE HOUSING A PRIORITY IT MEANT IN EVERY ASPECT -- EVERYWHERE IN THE COUNTRY -- FOR ALL CANADIANS.

NATIONAL HOUSING STRATEGIES EXTEND FROM SEA TO SEA AND FROM PARLIAMENT HILL TO EVERY NEIGHBOURHOOD. THEY CAN'T BE DEVELOPED OR IMPLEMENTED WITHOUT CONSENSUS ON COMMON GOALS AND ACTIVE SUPPORT.

THAT IS WHY MY DOOR IS OPEN TO YOU, AT ALL TIMES, AND I INVITE YOU TO SHARE YOUR IDEAS WITH ME. YOUR IDEAS ON HOW WORKING TOGETHER WE CAN HELP TO FACILITATE THE CANADIAN DREAM.

THANK YOU FOR THE OPPORTUNITY TO MEET WITH YOU TODAY.











